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DISPATCH OF "THE RAILWAY GAZETTE"
OVERSEAS

We would remind our readers that there are many overseas countries to which it is not permissible for private individuals to send printed journals and newspapers. THE RAILWAY GAZETTE possesses the necessary permit and machinery for such dispatch, and any reader desirous of arranging for copies to be delivered to an agent or correspondent overseas should place the order with us together with the necessary delivery instructions.

We would emphasise that copies addressed to places in Great Britain should not be re-directed to places overseas, as they are stopped under the provisions of Statutory Rules & Orders No. 1190 of 1940

TO CALLERS AND TELEPHONERS

Until further notice our office hours are:—

Mondays to Fridays - 9.30 a.m. till 5.0 p.m.

The office will be closed on Saturdays

Lord Stamp Speaks Out

SOME plain speaking has marked the speeches of the Chairmen of the main-line railway companies this year, and has been all the more welcome because of the silence they have kept for so long, no doubt because of the difficulties of the times. Lord Stamp, in his address to L.M.S.R. stockholders, which is reported at page 289, dealt trenchantly with suggestions of profiteering by the railways, and also had some pertinent remarks to make on the present financial agreement between the Government and the railways. He showed that against the standard revenue provision of a 4·7 per cent. return, stockholders had received in the eighteen years since amalgamation only 3½ per cent. on the average, equal to a shortage of £107½ millions compared with the amount Parliament had contemplated as reasonable. Yet L.M.S.R. ordinary stockholders were now the subject of adverse criticism because of exceeding a minimum of 1 per cent. on that stock, because in the pre-war years 1935-37 the capital had produced but 18s. 4d. a year. Lord Stamp also explained in detail the procedure for relating charges to costs, and emphasised that increases in charges were the automatic result of provisions in the agreement for which the Government was responsible. Increased railway costs are a fact that cannot be gainsaid, and Lord Stamp could see no reason why, unlike the generality of industries, the railway user should escape the burden by passing it to the stockholder or the taxpayer. The elimination of the ordinary stockholders' dividend would not make good the rise in costs, and to raise a cry of "inflation" when higher costs go into charges was to overlook the inflationary tendency of a subsidy which widens the gap in an already unbalanced budget. Lord Stamp's observation that "we may dodge awkward facts, but we cannot dodge the consequences of dodging them" deserves clear thought, and great care not to confuse facts with theories lacking factual support.

* * * *

Sir Ronald Matthews Answers Detractors

The Chairman of the London & North Eastern Railway Company had some equally pointed and apposite comments to make before his stockholders. As will be seen from the report of his speech at page 298, he rebutted uninformed criticism of the work of the railways. He went a good deal further than Lord Stamp, who also dealt with the point, and declared that it was not difficult to fathom the motives of those who attempted to saddle the boards of the companies with responsibility for all the alleged troubles. He put it bluntly to detractors of the railway effort that they ignored the fact that railway policy from the outbreak of war had been settled by the Government and that, in their eagerness to make a case for nationalisation, they were in fact condemning the system they wished to praise and further. On the matter of tariffs Sir Ronald divulged that further proposals for the adjustment of charges were before the Minister. The Chairman pointed out that already there was a substantial lag between the advances in costs and charges which would have to be overtaken. He also expressed his concern at the failure of the Government to exercise any general control over wages rates and for this reason found it difficult to accept assurances that every conceivable means was being taken to avoid inflation. He wound up by suggesting that the time was ripe for the establishment of a body charged with the duty of knitting the transport facilities of the nation into a closely co-ordinated whole.

* * * *

An American Tribute

A greeting to the railway workers of Great Britain, sponsored by the British American Ambulance Corps, was given in a short-wave broadcast in the U.S.A. on February 13 by Mr. A. N. Williams, President of the Lehigh Valley Railroad Company, and Chairman of the Eastern Railroad Presidents Conference. He emphasised that, while all forms of transport had a place in war, successful military operations depended upon mass transport, a service that only the railways could furnish in the volume required. An important difference between Great Britain and America was that of the length of journey. In the U.S.A. the two sea coasts were separated

by 3,000 miles, and the two land boundaries by 1,200 miles; but distance was spanned safely and speedily and those who were depending on the American railways would not be disappointed. Like many American railwaymen, said Mr. Williams, he always enjoyed reading THE RAILWAY GAZETTE, published in London, and he would close his greeting to the railway workers of Britain by quoting from the following announcement of a manufacturer in the January 17 issue which had reached his desk that morning:—

"Tribute is due to the countless thousands of quite ordinary men and women of Britain who are patiently contributing their quota to the great struggle for the freedom of their fellow men of all races. Such Britisher, as, for instance, our railway workers, lay no claim to 'heroics.' Daily and nightly they carry on despite enemy action. Here to them all! God bless them."

Mr. Williams concluded: "I am sure that more than a million American railroad workers join me in subscribing to this sentiment."

* * * *

The Mozambique Government Railways

The Government of the Portuguese colony of Mozambique operates, through a Direcção dos Serviços dos Portos, Caminhos de Ferro e Transportes, 1,138 km. of railway, of which 1,020 are of the normal South African gauge of 3 ft. 6 in., and 118 km. of 0·75 m. (2 ft. 5½ in.). The total mileage is made up of five separate and unconnected lines, of which the principal are the Lourenço Marques and the Mozambique, 372 km. and 410 km. in length, respectively. The annual report of the Direcção, for 1938, just received, gives the following operating statistics for railway working only:—

	1938	1939
Passengers, number	463,876	508,290
Goods, tons	1,838,687	1,802,748
Train kilometres	1,356,613	1,371,166
	contos	contos
Passenger receipts	8,143	8,385
Goods receipts	78,974	78,134
Total receipts	88,847	87,856
Working expenses	40,062	43,246

The receipts for the whole service of railways, road transport, harbours, and airways, amounted to 139,788 contos, compared with 138,545 contos in 1938. The expenses were 75,267 contos, against 68,894 contos, leaving net earnings 64,521 contos, the operating ratio being 53·8 per cent. Part of the extensions on the Mozambique and Limpopo lines, 56 km. in length, were opened during the year, and construction was proceeding.

* * * *

British Railways in Argentina

From the point of view of return on British capital invested in railway undertakings in the Argentine Republic, last year was the worst that has been experienced. Statistics which are compiled annually by *The South American Journal* indicate that on the £263,745,180 of capital dealt in on the London Stock Exchange only £4,017,873, equal to 1·5 per cent., was received by way of interest; the amount of capital which received no remuneration was £156,897,230. It is many years, of course, since anything approaching an adequate return has been shown on the British-owned railway investments in the Argentine and one has to go back as far as 1929 to find a return of 5·5 per cent. At that time, and in the two preceding years when the same rate of interest was earned, rather more than £3,025,000 of capital received no return. Over the last 11 years the return has on only three occasions been above 2 per cent.; in 1937 it was 2·3 per cent.; in 1931, 3 per cent.; and in 1930, 4·7 per cent. For 1939 it was 1·7 per cent., and for 1938, 1·6 per cent. From the viewpoint of the amount of capital receiving no interest, 1934 was the worst year, for then, although £4,498,616, equal to 1·6 per cent., was paid on the £276,971,111 invested, there was £177,186,173 which received no return at all. The total British investment in enterprises of all kinds in Argentina last year was £417,307,804, which received £10,073,900, or 2·4 per cent., by way of interest, leaving £187,143,512 unremunerated. The nearness of this last figure to the amount of railway capital on which no payment was made tells its own story.

British Railways in Brazil

The British-owned railways in Brazil also experienced a lean year in 1940 when the return on the amount of capital invested, £36,373,762, was but £254,097, or 0·6 per cent.; that rate of return was the same as for 1939 and £27,978,136 of capital received no interest at all. Unlike British-owned railways in many other Latin-American countries those in Brazil have never achieved financial success. In the last 17 years 3·8 per cent. (the return in 1930) has been the best average rate of remuneration, and it has to be borne in mind that even that percentage arose largely from the substantial payments of one company, the São Paulo. In more recent times the return has been in the neighbourhood of 2 per cent. and as long ago as 1913 it was but 4·7 per cent. British investments generally in Brazil received a very small return last year when the amount forthcoming in interest was only £2,454,372 or 0·9 per cent. on the total of £254,996,344 invested in all manner of undertakings. In 1940, £88,151,396 of capital received no return, but, unsatisfactory though the position was, it was a good deal better than in 1939 when the average rate of interest was 0·4 per cent. and £233,574,950 went unremunerated.

* * * *

Aluminium Cars in Derailment

The recent derailment of the Union Pacific diesel streamlined train, City of Los Angeles, recorded in our issue of February 7, afforded a remarkable testimony to the soundness of design and sturdy construction of the lightweight stock of which the train was composed. It will be recalled that on December 22 the train was derailed at high speed by a broken rail near Julesburg. A three-unit diesel-electric locomotive of streamline contour corresponding with that of the cars headed the train, and was followed by 14 cars, all of which, except the last two, were derailed. The fourth, fifth, sixth, and seventh formed a zigzag across the track, which was distorted. The eighth car fell on its side and came to rest against the ninth car, which remained upright, at approximately right angles to the track. None of the other cars overturned. Six of the units were articulated, and the rest ordinary bogie vehicles, and all couplers were of the A.A.R. tightlock type. The overturned eighth vehicle was articulated with the ninth, and sheared the articulation bolts and key connections and broke the shank of one tightlock coupler. It was necessary to use a flame cutter to separate some of the coupler shanks of the other cars for re-railing. There was no distortion of the car bodies, except at the ends, and the damage to corner posts and side sheeting extended only a short distance into the first panels. The interiors of the cars were not damaged, and there were no broken windows. In the derailment some of the bogies ploughed deeply into the track, and became broken, and damage was caused to the car skirting and underneath equipment. The cars were of aluminium-alloy girder type construction, and the fact that no one was killed or seriously injured is a high tribute to their safety. All the vehicles were quickly repaired and replaced in service.

* * * *

Points on the Ballybunion Railway

A correspondent's sketch in our issue for February 7 (page 137) suggesting a powerful future locomotive for the now defunct monorail Ballybunion Railway, reminds us of the difficulties all such special railways have experienced in arranging points for sidings and junctions. Many inventors have not realised that without the ability to pass readily from one track to another and perform shunting operations quickly, the field of application of a railway must be severely restricted. With the Lartigue arrangement, which was adopted for the Ballybunion line, points were made of pieces of track arranged on turntables, necessarily expensive, cumbersome and slow moving. It is evident that no station with sidings and junction lines could possibly cope with a rapid service needing frequent changes of route, if constructed on such a system. Manual operation would be out of the question and power working would involve elaborate mechanisms. Nothing has ever been able to rival the

ordinary flanged wheel track for flexibility and simplicity of working, and it is impossible to conceive special designs, such as the Lartigue, replacing it generally.

* * * *

"Main" and "Branch" Block Bell Signals

Although there is a formal Railway Clearing House block bell code, the railway companies all have their modifications of and additions thereto, to meet their special needs, derived in great measure from the practice on the pre-grouping lines. Separate main and branch codes, covering several classes of trains, were early a feature of the signalling on the lines in the south, and the S.E.C.R. in particular had a very complete list. The L.S.W.R. had separate main and branch "departure"—equivalent to "train entering section"—bell signals, a practice later extended, in conjunction with the S.E.C.R. complete set of main and branch "is line clear?" signals, to the whole Southern system. As its branch "train entering section" signal, this line now uses the well-known four consecutive beats, serving as express "is line clear?" on the other railways. We believe that this working is found greatly to facilitate the traffic at the numerous junctions on the Southern. In the days of manual working, special codes, bearing very little resemblance to the Clearing House list, were used on much of the Southern inner London area, reducing ringing to a minimum.

* * * *

Engines for "Stopping" Trains

Punctuality in the working of stopping trains, especially those scheduled to cover long distances with numerous intermediate calls, is in a measure dependent upon the type and class of engine employed. The daily allocation of locomotive power cannot always in present circumstances be regulated to the greatest advantage, and there is also difficulty in ensuring a sufficiency of time for cleaning fires and coaling and watering the engines between trips. The number of workings which involve the turning round and servicing of engines due to leave again in a relatively short period, is increased by the need of making the most of the available locomotive power in the conditions under which the railways are now operating. This not infrequently leads to the compulsory use of less suitable engine types for working trains that demand considerable accelerative ability and facility in surmounting grades. As a result time is lost by the inability of the locomotive employed, which may have larger wheels and less adhesion, to restart its train after stops with the rapidity of which a smaller wheeled and more powerful one is capable, while long up grades are as a rule taken at a slower average speed.

* * * *

Posters from the Past

Visiting the western terminus of a cross-country railway line the other day, we found a display of posters dating from the pre-war years that seemed positively dazzling in contrast with the bare hoardings at the adjacent station of another company. Lining the booking hall and on boards in the middle were the once familiar pictures of the Coronation Scot climbing Shap Fell, the Irish Mail emerging from the Britannia tubular bridge, and a railway scene in the West Highlands with children waving to a retreating train, winding its way among picturesque crags. Even in the station forecourt we were bidden to make holiday at Girvan. Coming suddenly upon all this artistry one gloomy wartime afternoon, we felt like an archaeologist confronted with the picture writing of some forgotten civilisation on the walls of a cave. There followed the uncomfortable suspicion that the posters might still be on view because this end of the branch was so far from its parent stem that nobody had thought of giving the order for them to be taken down. Whether that is so or not, we are sure many passengers passing through the station must be glad of this reminder of the days when it was necessary to enlist the services of Royal Academicians to tempt them to a journey, instead of having travel forced upon them by national necessity.

Railway Goodwill Champions

DOUBLY welcome because of the long and uninterrupted innings enjoyed by those who make it their business and pleasure to decry the worth of the railways and to criticise any measure which might benefit their proprietors was the forthright manner in which the Chairmen of the main-line companies faced the issue at the annual meetings of their companies. There can be no argument that if the criticism which is so frequently heard were allowed to go unanswered the consequences for the great railway industry of this country might become very serious, and that at no distant time. In THE RAILWAY GAZETTE the vital importance of maintaining and increasing the great asset represented by the goodwill of the public and traders which the railways have so long enjoyed has been stressed on more than one occasion. In wartime there are undoubtedly difficulties in maintaining that close contact with the public which in more normal years enables both traveller and trader to appreciate, superficially at least, some of the factors which may have caused him to register complaint that the service he has received has not been up to the high level he expects. It is satisfactory to find that the Chairmen of the companies are fully alive to the danger of allowing the noxious weed of uninformed criticism to grow unchecked and to the need for dealing with it vigorously where the circumstances are such that a direct approach is possible. It is too much to expect that the speeches delivered recently, admirable though they were, and backed with unique knowledge of a strategic position, will deter those who are bent on misrepresenting the achievements of the lines, but at least they will give pause to that far larger body of the public whose criticism is often thoughtless and based on hearsay rather than on venom.

The railways have been assailed on two main grounds—financial and operating. As to the former, although the bases of the financial agreement announced just over a year ago would have seemed capable of being understood at least by those who address the public, whether by the printed or spoken word, on matters of this kind, there would seem no end to the delusion that the raising of railway charges in wartime is a device employed by the companies to further their own ends and to swell their revenues. The financial agreement has many weaknesses no doubt—Lord Stamp was careful to point out once again that the principle of it was not of the railways' choice, that the Minister of Transport does not like it, and that it is difficult to detect any enthusiasm for it elsewhere—but it does not leave the decision on charges to the boards of the railway companies whose undertakings are controlled. The Railway Executive Committee, acting in its capacity of agent for the Minister of Transport, arrives at its conclusion as to the extent of the rise in costs, and the advance in charges necessary, and it is the Minister himself, after his experts have satisfied themselves as to the figures, who makes the Order establishing the new level of rates. The companies have no voice as to the time or scope of the alterations in charges and at no stage are they consulted. On the desirability of increases in railway charges there is ground for argument, but the linking of charges to costs is an integral part of the scheme which the Government insisted that the railways should accept. Indeed, unless the railway user is to be subsidised there is no alternative to raising charges for the rise in costs has been such that it would not be met by the greater volume of traffic being carried passing at the pre-war rates.

Criticism of railway operation is necessarily more difficult to answer by reason of the limits imposed on disclosure of difficulties in the national interest. It is clear that the Service Departments and large contractors in their failure to co-ordinate their demands are in some part responsible for delays in deliveries and for throwing on the lines a greater strain than would be entailed if their demands were related. Much could be done in the way of planning: the recently established Transportation Division of the National Defence Advisory Commission in the United States affords an example of a step in the right direction. That body has as its first item of policy "to anticipate all transportation needs as far in advance as possible—the consideration of not only the amount and type of traffic to be carried, but also that

region in which it will develop." Delays and inconveniences arising directly or indirectly from enemy action are impossible to explain at the time, and it may indeed be against national policy to make known the details even after the lapse of many months. The work of the railway staff is already sufficiently arduous without having added to its burden ignorant and unjust criticism. The many who in these days consider that the purchase of a railway ticket carries the right to condemn and disparage operations of which they know nothing of the difficulties may find cause for reflection in the speeches of the railway Chairmen.

* * * *

The London Transport Report

THE London Passenger Transport Board has just presented a report and statement of accounts to the Ministry of Transport and to its stockholders for the 18-month period to the end of 1940. That has occurred because, since the Minister took control of the undertaking on September 1, 1939, the end of the board's financial year has been altered from June 30 to December 31, in order to conform with the financial arrangements arising out of control. The present report is necessarily much abbreviated in comparison with similar peacetime documents. In particular the revenue account, and details of working expenses have been omitted, as have also the statistics usually a feature of the report, and certain other changes have been made. The main financial outcome of the board's year were given in THE RAILWAY GAZETTE of February 21 last. The report shows that sums of £1,370,000 for the six months ended December 31, 1939, and of £2,775,000 for the year 1940, have been appropriated by way of provision for renewal. Additional assets have been brought into use and in many instances the cost of replacing assets withdrawn from service has increased. These factors account for the increase in the level of the provisions for renewal in the two periods, compared with the level which obtained in the year to June 30, 1939, when £2,570,000 was set aside. The maintenance reserve, which provides a fund for extraordinary expenditure falling outside current or normal maintenance expenditure, has received transfers during the eighteen months of £100,000 and £210,770 has been spent. The balance of £202,769 brought forward from the previous year has thus been reduced by £110,770. There is now at credit of the reserve £91,999, against which were authorised commitments on December 31 of £148,412. Total capital expenditure in the period covered by the report was £8,003,012 on additions and improvements to the undertaking.

* * * *

An "Air-Smoothed" Pacific

ON the ground that the term "air-smoothed" is more accurate than the familiar "streamlined," the new Pacific express locomotive of the Southern Railway is officially so described, and is notable in having the casing carried on the main frames and not on the boiler, which is thus free to expand inside it. This, however, is only one of several features which, although not possessing the characteristic of absolute originality in the wider aspect of locomotive practice, are new in so far as British railways are concerned. Thermic siphons do not, of course, come within this description, but the type of wheel centre known as the Boxpok in the United States, where it was first introduced and is now widely used, certainly does. The working pressure of 280 lb. per sq. in. is the highest yet adopted in this country for an orthodox locomotive boiler, and the use of chain drive for the valve motion, although already resorted to in Austria, has, we believe, never previously been tried on a locomotive here. Clasp brakes, complete electric lighting, and the use of something approximating to the Continental system of type notation by axles instead of wheels, are other items of interest. There are, in addition, detailed points worth mentioning as, for instance, the use of, or, as may be said, the reversion to, a piston stroke of 24 in. in modern locomotive practice, the large size of the piston valves, which contribute to the internal streamlining and its complement,

the multiple-jet exhaust, the locating of the safety valves on the first boiler course instead of in the more usual position on the firebox, and the enclosing of the inside motion, including the connecting rod, crank, and crosshead, in an oil-tight casing.

Taken generally, the design may be said to be full of ideas, and as representing an attempt to break away in certain important respects from convention, and, although exponents of locomotive practice may look askance, especially in present circumstances, at this, they will, it may be assumed, concede that both skill and courage were needed in thus planning the design. When, as we hope, we have an opportunity of describing the locomotive in greater detail, we shall deal specifically with its more outstanding characteristics. It is appropriate that, in selecting names for the new locomotives, acknowledgment should have been made of the close connection between the land and the sea services of the Southern Company, which through its ownership of 42 vessels at the outbreak of war has close ties with the merchant navy. Thus, the first engine of the class has been named *Channel Packet*, with the Southern Railway house flag in the centre of the name plate. The remaining engines of the first series of ten will be named after famous shipping lines, with the house flag of the line similarly displayed.

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The Pacific Locomotive Committee in India

IT will be remembered that in our issue of July 7, 1939, we published a summary of the Indian Pacific Locomotive Committee's Report, and in that of June 7, 1940, appeared an editorial entitled "Comprehensive Research in India," which was linked to an abstract of the statement issued by the Railway Board giving details of action taken upon the committee's report. Thanks to Mr. R. Carpmael, at that time Chief Engineer of the Great Western Railway and a member of the committee, we are now able to publish on pages 280 and 281 some excellent photographs taken by him during the tour of India made by the committee. The first photograph depicts two "XB" Pacifics linked together side-by-side and fitted with adjustable spring gear over the six-foot way (a) between the bogie frames abreast of the bogie pin and also (b) between the ends of the leading coupled axles. By this means it was possible to apply a known load in the horizontal plane between the two bogies and between the axle ends, thus exerting a defined flange force upon the rails under moving conditions. The effect of that force on the track was measured by a series of telescopic deflection gauges, mounted on long bars which were, in turn, secured to vertical lengths of rail embedded firmly in the ground clear of the ballast on both sides of the track. (Similar gauges used for a slightly different purpose may be seen in the upper left illustration on page 281, to which reference is made below.) By these instruments, the elastic and permanent deformation of the track at the rail head was measured. As different types of track were submitted to this form of test, it was possible to ascertain the limiting flange force each type would withstand without distortion. These tests, as then carried out, admittedly had their limitations, and further investigations of a more elaborate character were recommended by the committee.

One of the weaknesses found in the "XB" Pacifics was a lack of rigidity in the main frames, particularly between the cylinders and the leading coupled axle, and our second illustration shows the members of the committee inspecting the chassis of an engine with the boiler removed. The upper left-hand picture on page 281 illustrates a series of telescopic deflection gauges applied to the outside of a curve for recording the lateral movement of the track due to the tangential force exerted by a train passing over it. The right-hand illustration gives some idea of the way in which the committee was able to inspect the track, signals and riding of the locomotive from a seat over the front buffer-beam of the engine. Another method of inspection, doubtless used over short distances for track inspection, was by push trolley as depicted in the lower illustration on that page. Mr. Carpmael also took a number of other photos of typical scenes on Indian railways, some of which we hope to reproduce in future issues.

LETTERS TO THE EDITOR

(The Editor is not responsible for the opinions of correspondents.)

The First Thermic Syphon in Great Britain

The Superheater Co. Ltd.,
St. Margaret's Road,
Altrincham, Cheshire
March 4

TO THE EDITOR OF THE RAILWAY GAZETTE

SIR.—You stated in your article "New General Utility Locomotives, L.N.E.R." in your February 28 issue, that one of these locomotives is fitted with a Nicholson thermic syphon, and that no engines have hitherto been so fitted on British railways. I would, however, point out that on

the L. & N.W. Railway a locomotive was fitted with this device at Crewe in 1922.

Yours faithfully

ERIC A. ROBINSON

Managing Director

[Enquiry has elicited the information that in February, 1921, a Nicholson thermic syphon was fitted at Crewe to the copper firebox of L.N.W.R. engine No. 42 of the "Claughton" class, afterwards re-numbered L.M.S.R. 6004. This boiler was subsequently used on the frames of four other locomotives of the same class and was finally taken out of service from engine No. 5943 (L.M.S.R.) in June, 1926. The risks attached to any claim of pioneering are further illustrated by the fact that the new Southern Railway Pacific locomotive, described in another part of this issue, and which was running trials before the L.N.E.R. locomotive was completed, is also equipped with thermic syphons, as will be the nine similar engines now on order.—ED. R.G.]

The Scrap Heap

TRAINS ARE TEMPTATIONS HE
CANNOT RESIST

Whenever Henry Newton, a 69 year-old clerk, sees a train he cannot resist the temptation to get into it. Only yesterday he came out of Oxford Prison after serving a sentence of 21 days for his 100th offence of travelling without paying his fare. Today he again found himself in court at Northampton, accused of travelling from Oxford on the L.M.S.R. without paying. It was stated that he presented a platform ticket when he arrived at Northampton, and when the ticket collector asked him for his fare said he had only 3d. He was fined 40s. or one month's imprisonment in default.—From "The Evening Standard."

* * *

STEALING A BRIDGE

With opportunity and luck a thief may make away with all sorts of things, but few who have to trace stolen goods have had the luck of Mr. Charles Sherertz, the highway engineer for Williamson County, Ill., who recently traced and recovered a 5-ton steel highway bridge which had been stolen from beside a small stream in his territory. Mr. Sherertz found the bridge in a junk yard in St. Louis, where he was told the thieves had delivered one section with a tractor on July 15, for \$38, returning two weeks later with a second section for which they got \$55.—From "The Engineer."

* * *

C.N.R. HELP FOR AIR RAID VICTIMS

Sir George H. Wilkinson, Lord Mayor of London, has acknowledged a gift of £3,042 13s. 2d. to the Lord Mayor's National Air Raid Distress Fund, that sum having been raised by employees of the Western Area of the Canadian National Railways and sent to London with a cheerful message just before Christmas. In writing to Mr. W. R. Devenish, General Manager, Western Region, Sir George states "I am extremely grateful for this splendid and very generous gift which, coming at this time of the year, will be a very real help to me in alleviating the distress and suffering which has been caused amongst our people by the enemy air raids." To all concerned the Lord

Mayor declares: "They may rest assured that we here will do our best to be worthy of the splendid gesture which they have made."

* * *

The Canadian Legion branch at New Glasgow, Nova Scotia, has asked for the cancellation of a life pass over the Canadian National Railways which it says is held by Colonel Charles A. Lindbergh. A resolution adopted by the branch declares that Lindbergh has "for a long time past been making utterances against the British cause and in favour of the enemy." In reply, Mr. S. J. Hungerford, President of the C.N.R., sent a telegram explaining that the pass, which was issued to the American flier in 1927 in connection with the Dominion's Diamond Jubilee celebrations, is now in the permanent collection at the Jefferson Memorial in St. Louis, Missouri.

* * *

In the United States there is a standard code of bell-cord communicating signals from the train to the engine cab. For instance:—

Two shorts indicate "start," when standing, or "stop at once" when running.

Three shorts mean "hook back," when standing, or "stop at next passenger station" when running.

Four shorts: "apply or release brakes" (standing), or "reduce speed" (running).

One short, one long, one short: "shut off train heating."

One long: (running) brakes sticking; look back for hand signals.

* * *

The longest tunnel on the Canadian National Railways system is slightly over three miles in length and carries a double track line under Mount Royal to central Montreal. The next longest tunnel on the National System is between Sarnia (Ontario) and Port Huron (Michigan), about two miles long and carrying a single track main line under the St. Clair River. Both tunnels are electrically operated. The Sarnia—Port Huron tunnel was the first tunnel in North America to be built by the shield method, and among the first in which electric locomotives were operated. Passenger trains operating between Chicago, Toronto, and Montreal use this tunnel, including the International Limited, now in its forty-second year of continuous daily operation.

Registration Officer: Your trade or occupation?

Conscript: I haven't one.

R.O.: I must put something down. Is there nothing you can do?

C.: No. My governor left me £50,000, but that soon went, and knowing no trade I can't get employment.

R.O.: I have it! Brass finisher!

Publications Received

Cincinnati Milling Machines.—We are informed that Cincinnati Milling Machines Limited is producing a bulletin, BM-101, which will be available shortly, giving full particulars of the company's new milling machines specially adaptable for reproduction work with unskilled labour, which forms the subject of a brief illustrated article at page 279 this week.

Hiduminium Technical Data.—From High Duty Alloys Limited, of Slough, we have received a copy of a new publication, bearing this title, which replaces the present data sheets issued by the firm. The primary aim of the book, and one which was kept constantly in mind during its preparation, is to give the designer and draughtsman the fullest details concerning Hiduminium and aluminium alloys. For this reason each alloy is presented across the inside of two facing pages so that the book can lie open on the desk and all the properties of the particular alloy can be seen without turning the page. A spiral binding of an improved type has been utilised in order that the book will open flat and that further sheets may be added from time to time. The details given include chemical composition, physical and mechanical properties and those at elevated temperatures for the complete range of Hiduminium alloys. There is also included an index to specifications. Copies of the publication may be obtained on application to High Duty Alloys Limited, Slough, and there are also available copies of "Aluminium Alloys," from the book by Professor Zeerleider, one of the world's leading authorities on aluminium and its alloys.

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OVERSEAS RAILWAY AFFAIRS

(From our special correspondents)

INDIA

Purchase of Railways : B.B. & C.I. and A.-B.R.

The most important question dealt with at the recent meeting of the Standing Finance Committee and the Central Advisory Council for Railways related to the acquisition by the Government of India of the Bombay, Baroda & Central India and the Assam-Bengal Railways on the expiry of the existing contracts with the respective companies for the management of these railways on December 31, 1941. Notice of the purchase is required to be given to the companies before December 31, 1940. [As announced in the Notes and News columns on page 630 in our issue of December 13 last the Secretary of State for India has decided to terminate both the companies' contracts on December 31, 1941.—Ed., R.G.]

It is noteworthy that the B.B. & C.I.R. has been regularly earning substantial profits for years past. For the year 1938-39, the interest on the company's capital alone amounted to Rs. 13·47 lakhs and the company's share of surplus profits came up to Rs. 18·82 lakhs. The eventual amalgamation of the Assam-Bengal Railway with the Eastern Bengal Railway, and the transfer of the broad gauge section of the B.B. & C.I.R. to the administration of the G.I.P.R. are advocated by commercial interests.

B. & N.W. and R. & K.

The contracts of the B. & N.W. and the Rohilkund and Kumaon Railways are also due to expire on December 31, 1942, and the Government will be required to make a decision in respect of these railways before the close of the year 1941. It is understood that the situation in regard to the purchase of these railways is being examined by a special officer appointed by the Government of India. In the meantime, the Central Advisory Council and the Standing Finance Committee for Railways have both decided in favour of the purchase of the A.—B. and the B.B. & C.I. Railways.

Dismantling of Railways

The Central Advisory Council for Railways had also to consider the proposals of the Government in connection with the dismantling of numerous branch lines which are either unremunerative in working or capable of replacement by other means of transport offering better facilities to the public. It is understood that the total length marked down for dismantling is over 600 miles. The whole question is still under expert examination, and it was explained to the council that the Government attached much importance to this matter as the permanent way materials released by the dis-

mantling was urgently required for war purposes.

Technical Research on Railways

There is reason to believe that the Railway Board has under examination a scheme for the early establishment of a permanent research organisation under the control of the Central Standards Office. The general object of the organisation, it is reported, will be to keep permanency of record, continuity of staff and work and co-ordination with other technical, scientific, and research departments in the country.

New Hubli-Belgaum Railcar Service, M. & S.M.R.

Mr. C. G. W. Cordon, Agent and General Manager, Madras & Southern Mahratta Railway, recently informed the local Advisory Committee of that railway that the administration contemplated the introduction in the near future of a 70-seater railcar service between Hubli and Belgaum. This was in response to the public desire for such a service and its timing would be regulated to suit the requirements of the public.

Closing of Branch Lines

The Eastern Bengal Railway announced on December 11 that with immediate effect the branch line from Kalukhali to Bhatiapara, with the Madhkhali-Kamarkhali Ghat spur, would be closed to passenger traffic, and that goods on the branch would cease from December 18. It is stated that the materials released are to be utilised for war purposes. This railway, about 54 miles in length, was opened in 1932. Its abrupt closing down has caused much dissatisfaction and it is reported that a deputation of the members of the E.B.R. local Advisory Committee will wait upon the Railway Board very shortly. In the meantime, the Secretary of the Indian Chamber of Commerce has interviewed the General Manager to represent the difficulties merchants are bound to experience by the sudden withdrawal of railway transport. It is understood that the General Manager appreciated the inconvenience represented, and has agreed to run the railway for some further weeks to enable merchants to move their goods.

CEYLON

Special Goods Service with India

In order to cope with the increasing volume of goods traffic on the railway between India and Ceylon, due to the delays and uncertainties of sea transport at present, a special goods train service is to be inaugurated between Colombo and South India, and, in connection with it, a special steamer service between Talaimannar pier and Dhanusodi. It has been estimated that the increased revenue from the

expeditious conveyance of consignments will be more than sufficient to offset the expense of working the special service.

VICTORIA

Popularity of Spirit of Progress

Progressive increase in patronage of the Spirit of Progress continues, as may be seen from the following figures :

Year	Passengers carried	Increase
1937-38	209,000	
1938-39	222,371	13,371
1939-40	256,528	34,157

The years are from November 23 in each case, the date on which the train was inaugurated. Incidentally, meals and refreshments served on it totalled 163,634 in 1939-40 an increase over the preceding year of 18,763.

WESTERN AUSTRALIA

Financial Results for Quarter Ended September 30, 1940

The financial results for the first quarter of 1940-41 compared with the two preceding years, were as follow :—

	Three months ended September 30		
	1938	1939	1940
Earnings ...	£ 620,700	£ 849,600	£ 860,100
Working expenses ...	757,294	752,599	595,443
Net revenue ...	63,406	97,001	164,657
Interest ...	250,000	255,700	255,400
Loss ...	186,594	158,699	90,743

Comparing 1940 with 1939 there was an increase of £10,500 in earnings and a decrease of £57,156 in working expenses, as a result of which the net revenue for the quarter was an enhanced showing of £67,656. The figures are reflecting the effect of the drastic pruning in expenditure during recent months to meet existing conditions, and it is pleasing to record that despite the drop in working costs, earnings were slightly higher, this increase being due to improved passenger traffic, goods earnings being £15,000 less for the period. The operating ratio was 80·86 per cent. in 1940 against 88·58 per cent. in 1939 and the net revenue per cent. per annum on Loan Capital was 2·52 per cent. for this year and 1·49 per cent. last year.

As a result of the quarterly adjustment in the basic wage to meet increased living costs, the basic wage was increased on July 30, 1940, as follows :—

Metropolitan Area increased from £4 2s. 8d. to £4 5s. 4d. a week.
South West Land Division increased from £4 3s. 3d. to £4 5s. 6d. a week.
Goldfields and other portions of the State increased from £4 16s. 3d. to £4 18s. 8d. a week.

For the quarter under review further increases of 1s. a week and 1s. 7d. a week were granted in the South West Land Division and the Goldfields, respectively. These variations will involve additional expenditure on the department of over £60,000 per annum.

Cool Storage or Ventilated Vans

With the hot weather experienced in Western Australia during the summer months, requests for refrigerated wagons for the conveyance of perishables are received from time to time, particularly from the Goldfields areas, to which perishables have to be hauled over distances up to 700 miles under

extremely trying weather conditions at times.

There are no refrigerator vans in use on the Western Australian railway system, nor are they considered desirable, as apart from their high cost, they would be used entirely for one-way traffic, necessitating prohibitive freights, thus precluding their use to any extent. There are some insulated vans, cooled by ice, but these are limited in number and confined principally to certain traffic such as rabbits, fish, etc.

To meet the need for a vehicle in which perishables such as vegetables could be carried without excessive deterioration in transit over long distances, it was decided some time ago to experiment with a type of ventilated van and a small number of such vans were accordingly fitted out and placed in service. The results have exceeded all expectations, tests having proved that fresh vegetables such as lettuces can be carried in outside temperatures of over 100° for distances of up to 700 miles and arrive in excellent condition, whereas under the old conditions of carriage in ordinary covered vans they often arrived at their destinations in a condition unfit for human consumption.

A Simple Type of Vehicle

The main flooring of this type of van is of 4 in. \times 1½ in. boards spaced 2 in. apart for the whole length, excepting over bogie centres and drawgear, and removable grids are laid on this floor; small louvres for egress of air are provided in the sides and ends. This simple construction has proved remarkably effective and it appears that the air pressure under the vehicle is sufficient to cause a definite flow through the lading. Even in very hot weather there has not been any sign of damage to perishables or need for refrigerating apparatus.

The success of the experiment has led to the standard use of this type of vehicle for long-distance perishables traffic, a total of 22 four-wheel and 31 bogie vans having now been placed in service. These vans are popular with the public and their use has filled a long felt need in the transport of perishable traffic to inland areas, and so has assisted in providing those amenities which are so essential to maintain the population of the outer areas.

MANCHUKUO

S.M.R. Budget for 1941

At a meeting of the General Directorate of Railways held at Mukden on November 25, it was decided that the 1941 budget of the South Manchuria Railway Company, totalling about Y. 400,000,000 (say £23,500,000)—or some 15 per cent. less than the 1940 budget of Y. 469,000,000—should be drafted and submitted to the Manchukuo and Japanese Governments for their approval. The new budget will severely limit capital expenditure on new enterprises, but does not include estimates for the extension of railway

workshops which are to be covered by separate estimates. Railway constructions already in hand and serving important areas will be carried on, and works to increase the capacity of existing lines and improve port facilities will be covered by the budget estimates.

Increase in S.M.R. Tariffs

In order to increase its revenue and bring them into line with those in force on the State Railways, the S.M.R. has decided to raise its rates and fares for the first time in 20 years. This move is expected to increase the company's revenue by approximately Y. 7,000,000 a year, and put a check on the present downward trend of its income, due to increasing expenditure and a decline in the movement of staple products.

CHILE

Locomotives for the State Railways

Eleven locomotives, representing the balance of the material ordered for the State Railways, have been received at Valparaíso from the Baldwin Locomotive Works. Six of the locomotives are of the Mikado (2-8-2) type and five of the Mountain (4-8-2) type, for heavy freight haulage and passenger traffic respectively. The Mikado engines are destined for service between Coquimbo and Pueblo Hundido, and the Mountains for the line between Talca and Tamuco.

ARGENTINA

Abnormal Floods

The year 1940 was notable for a phenomenally heavy rainfall registered practically throughout the whole of the republic, resulting in extensive damage to the crops, heavy mortality among livestock and a certain amount of damage to the railways. During the last week of December, severe storms of hurricane force, accompanied by torrential rains and hail in all parts of the country from the south of the Province of Buenos Aires to Jujuy in the extreme north, caused considerable destruction of property and some loss of life. In the Rosario district, many families who had been rendered homeless by the floods had to take refuge in wagons placed at their disposal by the railways. Some of the latter also suffered severely, more particularly the Central Argentine, the main line services of which were disorganized for some days, especially those serving the Provinces of Santa Fé, Córdoba and Tucumán, traffic to which had to be temporarily diverted by other routes.

Crop Losses

Considerable damage was also caused to the crops in many districts. According to a report issued by the Ministry of Agriculture, the loss in wheat over the whole country is estimated at 8 per cent., and in linseed at 17 per cent. In some districts, however, the damage was much greater than this. In the Province of Entre Ríos, it is estimated that as much as 44 per cent. of the wheat crop and 27 per cent. of the linseed crop

has been lost; also in the Province of Córdoba the loss in wheat is reckoned at 13, and in linseed at 10 per cent.

Petroleum Transportation

In view of the importance which petroleum seems likely to assume as a substitute for coal, owing to the scarcity and high cost of the latter combustible, the *Instituto de Estudios Económicos del Transporte* has recently carried out an investigation with a view to ascertaining the facilities which the country possesses for the transportation of fuel-oil. It finds that the total transport capacity of petroleum and its by-products amounts to 61,408 tons, of which 58,788 tons, or 95·7 per cent., are in the form of railway tank wagons, and only 2,620 tons, or 4·3 per cent., are provided by road vehicles. Of the tank wagons, 37,474 tons, or 63·7 per cent., belong to the privately-owned railways, and 21,314 tons (36·3 per cent.) to the State lines.

The transport capacity of the principal railways in tons is as follows : C.N.A. (State) Railway, 20,165; B.A.G.S.R., 16,282; C.A.R., 6,972; B.A.P.R., 8,868; B.A.W.R., 2,519; C.C.R., 933; C.B.A., 725. The transport capacity of any other railway is below 600 tons.

SLOVAKIA

Completion of 28-mile Line

At the beginning of the year a new single track railway was brought into operation between Banska Bystrica junction (Neusohl) and Dolna Struba, 45 km. (28 miles) long, with 10 intermediate stations. Banska Bystrica is a junction on the Zvolen (Altsohl)—Margecany line which connects the southern and the northern east—west main lines through Slovakia from Prague and Bratislava respectively.

SWEDEN

State Railways in September

The Swedish State Railways report for September last shows earnings of Kr. 33,700,000 against Kr. 26,200,000 for September, 1939. Expenditure (including Kr. 2,200,000, compared with Kr. 1,900,000 to the renewal fund), amounted to Kr. 23,600,000, compared with Kr. 17,900,000. The surplus for the whole State railway system was Kr. 10,100,000, compared with Kr. 8,300,000. Comparisons with the previous year have been considerably affected by the incorporation of private railways on July 1, 1940, and by the increases in fares and freights that came into force on the same date.

January - September earnings amounted to Kr. 256,100,000, against Kr. 200,500,000 for the same period of the previous year, and expenditure to Kr. 184,200,000, against Kr. 153,200,000 of which Kr. 18,600,000 (against Kr. 17,400,000) was added to the renewal fund. The surplus for the period in question comes to Kr. 71,900,000, against Kr. 47,300,000, and the net profit to Kr. 46,400,000, against Kr. 22,700,000, for the same period of 1939.

A BREAK OF GAUGE DEVICE

Description of the principle upon which it is reported through running of vehicles between Germany and Russia is being achieved

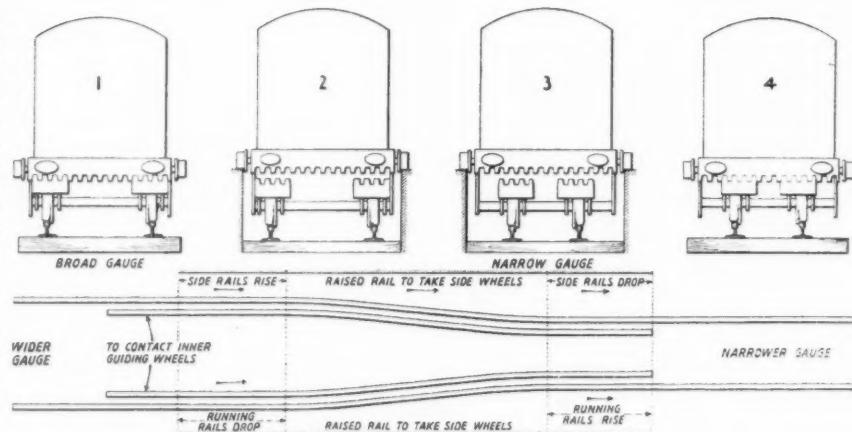
By H. A. ROBINSON, B.Eng., M.R.S.T.

CONSIDERING the chaos that has been caused throughout the history of railways by breaks of gauge, it is remarkable that methods to combat the trouble have not been more vigorously tackled by inventors. True, third rails for dual running, and special flat cars to carry vehicles of one gauge over another, have been and are being used, but at the best these ideas are only palliatives.

On good authority it is learned however that a scheme is now in use by the Germans on their eastern borders to overcome the difference between the European standard 4 ft. 8½ in. gauge and the Russian 5 ft. gauge. By this method a train at the point of break is propelled over a special length of line which automatically converts it for running on the other gauge; the action as far as the train is concerned being a continuous forward motion.

A general idea of the principle on which conversion takes place is shown in the diagrams. The convertible vehicles are built with their wheels running in longitudinal frames, loose on transverse axles, the bodies resting on, and being suitably locked to them; transverse stability is secured by longitudinal irons in the form of a grid on both parts, which engage as shown in Figs. 1 and 4. On the sides of the body-frames, small flanged wheels are fitted at approximately buffer level, four to each vehicle. At the point of conversion side rails are erected which engage with these side wheels and then ramp up to a slightly higher level; at the same time the running rails drop away for a few inches. Thus a vehicle being propelled forward has its body automatically lifted clear of the wheel assemblage, as indicated in Fig. 2. Longitudinal and transverse displacement is avoided by vertical guides, so that while body and frames have been separated, they are still one complete unit.

When the parts are free of one another, and with the weight of the body being taken by the raised side rails, the running rails slowly close in to the new gauge thus guiding the wheels and frames to the fresh separation (Fig. 3), the action being assisted by further small wheels that contact a short length of rail laid between the running rails, and



Sketches showing the general principle of the Boock convertible vehicle, and the stages of conversion

which for clarity of principle are not shown in the diagram. The side supports now gradually decrease in height while the running rails climb to the normal level, thus bringing body and wheels together again as in Fig. 4. Locking takes place and the vehicle is again fit for travel, but with its wheels adjusted to the fresh dimensions.

The inventor is a Mr. Boock, a north coast glazier. Originally the device was offered to the Australian Commonwealth where break of gauge troubles are acute, but it was turned down. Mr. Joseph Hamlet, however, who was responsible for the establishment of the select committee who examined the idea, allowed it to be fully demonstrated to Dr. Kurt Hanser, described as the "brains of the German railways," and as the Australians had rejected the notion he, with the consent of the inventor, permitted Dr. Hanser to take away a full set of blue prints and a working model for the sum of £35, so that the idea might be fully investigated in Germany. War has since cut all connection between Dr. Hanser and the owners of the invention, but the Germans have evidently developed the idea into a practical proposition. Mr. Hamlet states that he does not accuse Dr. Hanser of "any breach of faith," and states that the question of patents rights, etc., will be entered into immediately after the cessation of hostilities.

Reclaiming Worn Locomotive Parts

An interesting method of reclaiming worn locomotive parts which would otherwise be scrapped is now being practised in America; it is to spray these parts with stainless steel and then to re-machine them to size. First the worn surfaces are sand-blasted, both to clean and to roughen them, for the roughness ensures a better adherence of the sprayed metal. The spraying is done by feeding stainless steel wire into a gun of special design which passes the wire between two knurled rolls, driven by an air turbine, and feeds the wire particles into the centre of an oxy-acetylene flame. By careful adjustment of the speed of the wire through the flame, a fine atomisation and even deposition of the metal on to the worn surface are obtained. Spraying is continued

until the thickness of deposited metal is from $\frac{1}{16}$ -in. to $\frac{1}{8}$ -in. in excess of the finished dimension required. In the machining it has been found desirable, to ensure a good finish, for the sprayed surfaces to be turned at high speeds, say from 200 ft. to 400 ft. a minute, with a slow tool feed and fine cuts.

As a typical example, a pump-rod, 1 $\frac{1}{4}$ in. dia. and 2 ft. long, turned at 242 ft. a minute with a 0.005-in. feed and a $\frac{1}{16}$ -in. depth of cut, required 20 min. to finish with a tool of the Carboloy type. Worn flat surfaces that have been built up in this way are best finished by grinding. Motor armature shafts are among the parts that have been successfully dealt with by this method of reclamation.

NEW STREAMLINED 4-6-2 EXPRESS LOCOMOTIVES, SOUTHERN RAILWAY

An unconventional design, incorporating a boiler pressure of 280 lb., totally enclosed inside motion, chain-driven 11 in. piston valves, and all-electric lighting

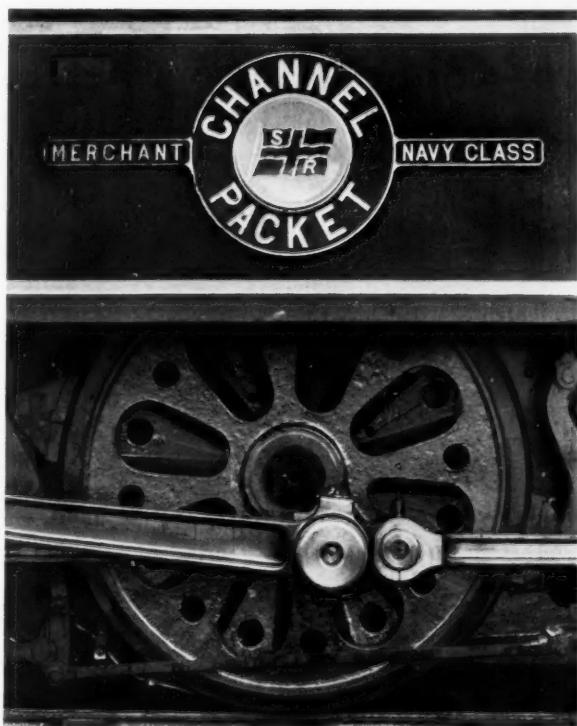
FOR some time past in locomotive circles there has been a considerable amount of interest and perhaps of intelligent anticipation as to the exact form and proportions of the new Pacific locomotives building at the company's works to the designs of the Chief Mechanical Engineer of the Southern Railway, Mr. O. V. Bulleid. The first of the 10 engines of the series has been running trial trips recently and was on Monday last, March 10, named by the Minister of Transport, Lt.-Colonel J. T. C. Moore-Brabazon, before a gathering of the company's officers and others.

The locomotive, as the accompanying illustrations show, is streamlined or, as the official description states, "air-smoothed," it being claimed that this is another and more accurate description of this form of construction. The casing enclosing the engine is carried on the main frame, instead of on the boiler as is usually done, and the boiler consequently is free to expand inside it. The casing is fabricated by electric welding from rolled sections and steel plating $\frac{1}{8}$ in. thick. The cab forms the continuation of the air-smoothed covering and, like it, is carried on the frame. The casing forward of the smokebox doorplate acts as an air collector; and the large opening over the smokebox door forms the mouth of a funnel, tapering to a narrow head in front of the chimney and discharging a stream of air upwards at high velocity, thus acting as a suction to the exhaust, which, because of the multiple-jet blast pipe, is comparatively soft.

The cylinders, three in number, operate on the single-expansion system, and the unusually large piston valves are actuated by the Bulleid patent radial valve gear, in which the primary drive is provided by chains of Morse pattern.



Front end view



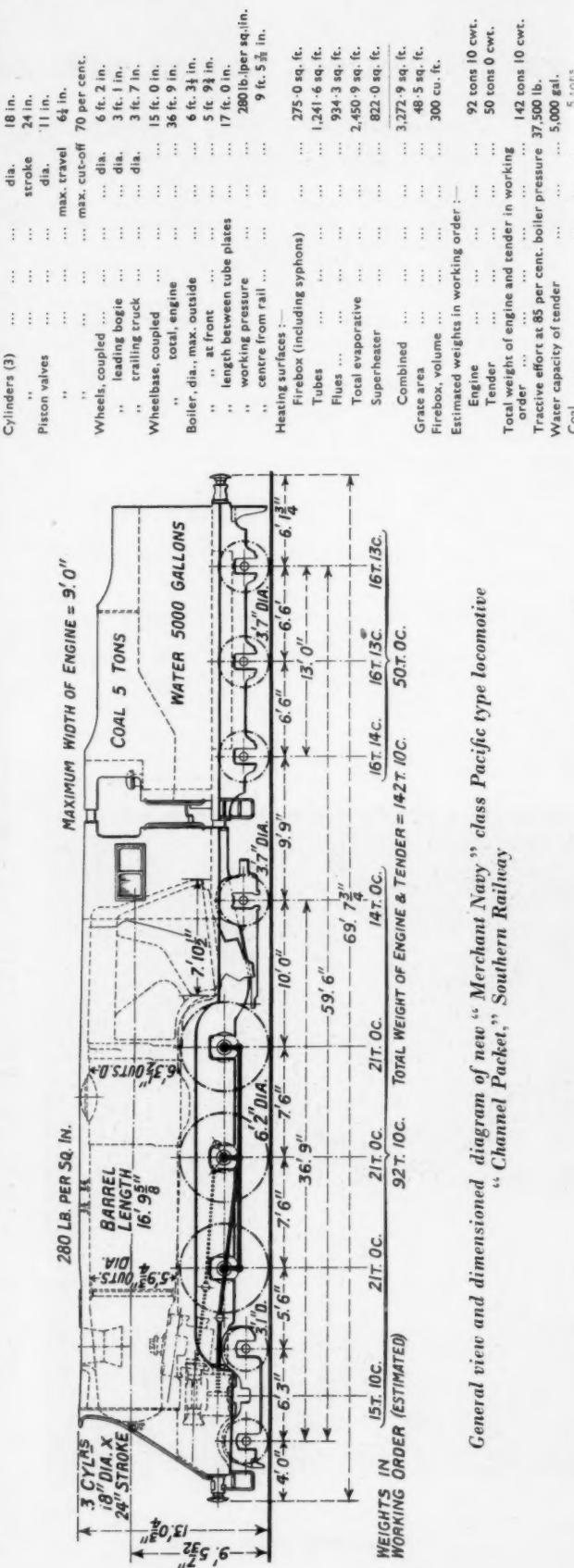
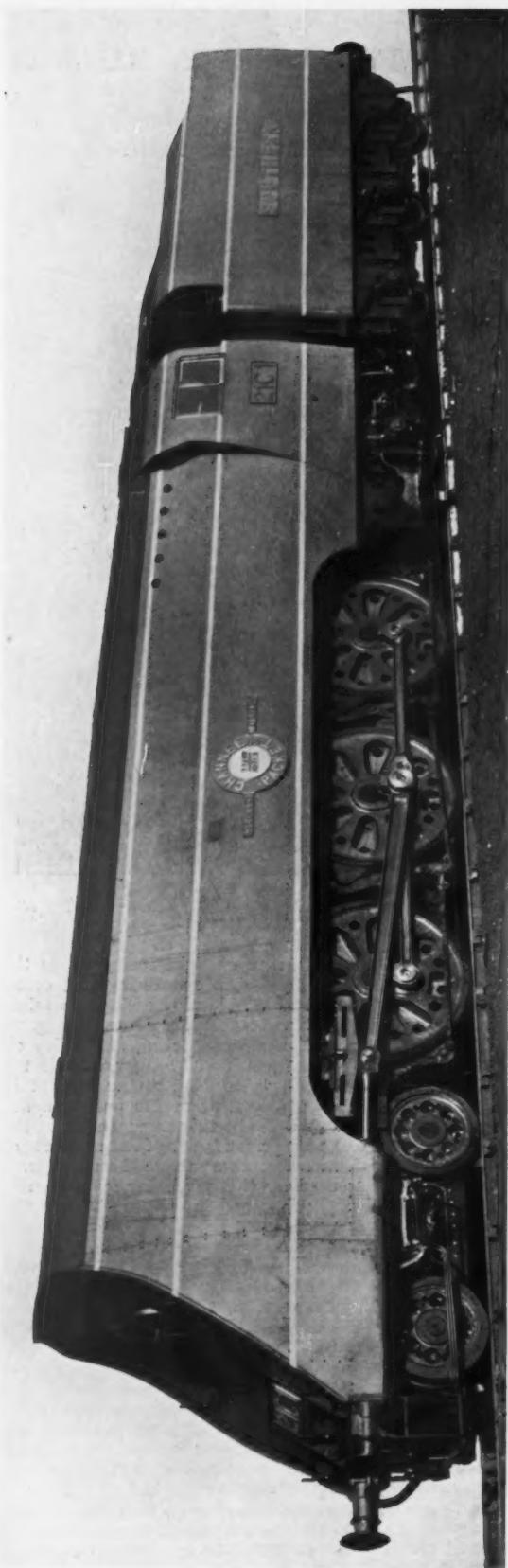
Nameplate above main drivers showing patent cast-steel wheel

The three sets are enclosed in an oil-tight casing inside the frame, which also encloses the inside connecting rod, cross-head and crank. All bearings within this casing are lubricated by a continuous stream of oil distributed by gear-pumps from the sump. All three connecting rods drive on the middle pair of coupled wheels, and to allow for this the inside cylinder has had to be placed at an angle of 1 in 7.75, as compared with the inclination of the outside cylinders, which is at 1 in 40. No doubt this arrangement of the inside cylinder must have demanded a fair amount of scheming to get the piston valve chest above the cylinder.

The boiler is characterised by two particular features, one being the high steam pressure of 280 lb. per sq. in. and the other the fitting in the welded steel firebox of two Nicholson thermic syphons; in addition there are certain detailed features worthy of note, one being that the safety valves, three in number, are set at an angle on the first ring of the boiler, instead of the more usual position on the top of the firebox. Mr. Bulleid informed us that, in the circumstances of the design, it would have been difficult or impossible to arrange this otherwise and that, so far as matters had gone, there appeared to be nothing against having placed the valves on the forward portion of the boiler barrel instead of on the firebox. Both the inner and outer fireboxes are welded, and an automatic fire-hole door is fitted. The boiler is lagged with spun glass mattresses. The heating surfaces and grate area are of ample proportions and, indeed, the boiler, as a whole, appears to be a well-proportioned and efficient unit for generating high pressure steam in adequate quantities. The firebox incorporates a combustion chamber.

Another item of interest is the adoption of double disc

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cast-steel wheel centres for the engine and tender, of the type known in America as the Boxpok pattern, in which the balance weights are disposed between the two discs. The coupled wheels are fitted with clasp brakes, each wheel having a brake block at front and back. The brakes are operated by four 21 in. cylinders through automatic slack adjusters. The brake rigging has been very carefully designed and, on inspection, left the impression that it would provide an evenly-balanced brake pressure on the wheels. The front end arrangements are similar to those adapted by Mr. Bulleid to other express locomotives on the Southern Railway, including those of the "Lord Nelson" and "Schools" classes, and to this also we hope to refer in more detail on a future occasion. The cab and fittings are very conveniently laid out, both injectors are fitted on the fireman's side and the steam and water controls are arranged in one group on the cab side. The reversing gear is power-operated, the steam and hydraulic cylinders being controlled by a single lever. These are, we believe, the first English locomotives to be completely lighted by electricity; both the head and tail lamps are so lighted in addition to the gauges and lamps

fitted for inspection purposes. The enclosed space between the frames in front of the smokebox contains the electric-light turbo-generator and two mechanical lubricator pumps.

The 5,000-gal. tender is carried upon six wheels, 3 ft. 7 in. in diameter, and, as in the case of the engine, welding was largely used in its construction. The tender is filled through covers in the tender cab, on each side, so that the fireman is not obliged to climb on to the top of the tender.

The new engines will be known as the "Merchant Navy" class, the first of the series having been given the name of *Channel Packet*. The names allotted to the next 9 are *Union Castle*, *Royal Mail*, *Cunard-White Star*, *Canadian Pacific*, *P. & O.*, *Aberdeen & Commonwealth*, *Orient*, *Shaw Savill*, and *Blue Star*. In place of the usual numbering system, these engines have a combination of lettering and numbers which incorporates axle notation on a variation of the Continental system. Thus the first locomotive is 21C1, the last number after the capital letter being that of the engine in the class, the first referring to the two axles of the bogie, and the second to the trailing axle. C is the Continental method of designating three coupled axles.

A NEW MILLING MACHINE

Specially adaptable for repetition work with unskilled labour

IN order to meet the wartime demand for large quantities of milling machines suitable for the economical production of small and medium size parts by unskilled labour, Cincinnati Milling Machines Limited has brought out a new machine in which the features of the well-known Cincinnati 1-18 automatic milling machine are reproduced. It is classified 1-18-S, and there is a strong resemblance to the previous model which, incidentally, is still in production.

labour. Fig. 1 is a general view from the operating position and illustrates the main external features of the machine, and Fig. 2 is a view from the rear with the door to the motor drive open; it also illustrates the enclosed motor mounted on an adjustable swinging platform driving through V belts to the main drive pulley, below which is located the built-in coolant pump which can be supplied as an extra. Fig. 3 shows the method of changing the pick-off table feed gears.



(1) General view of machine (2) showing door to drive open (3) operator changing pick-off table feed gears

Basically, the machine consists of a rigid column with enclosed motor drive and pick-off change gears to the spindle, and a massive knee in which the table slides direct without intermediate saddle. Cross adjustment is by quill, and this construction, as in the 1-18 automatic, provides exceptional rigidity.

The fully automatic table cycle operated by hydraulic gear shifting mechanism has been dispensed with in favour of simple hand rapid motion to the table by means of a rack feed working in conjunction with dog-controlled trip into feed and trip out of feed. This feature simplifies set-up and renders the machine particularly suitable for operation by juvenile

The general range of the machine is as follows :—

Table working surface	...	...	...	10 in. x 35½ in.
Longitudinal feed	...	...	...	18 in.
Vertical hand adjustment of knee	...	...	...	8 in.
Cross adjustment of quill	...	...	...	2½ in.
Spindle speeds :				
Standard series (16 changes)	...	...	...	50-1,500 r.p.m.
Table feeds :				
Standard series (10 changes)	...	...	...	1 in. to 12 in.
High series	...	...	...	2 in. to 24 in.
Low series	...	...	...	½ in. to 6 in.

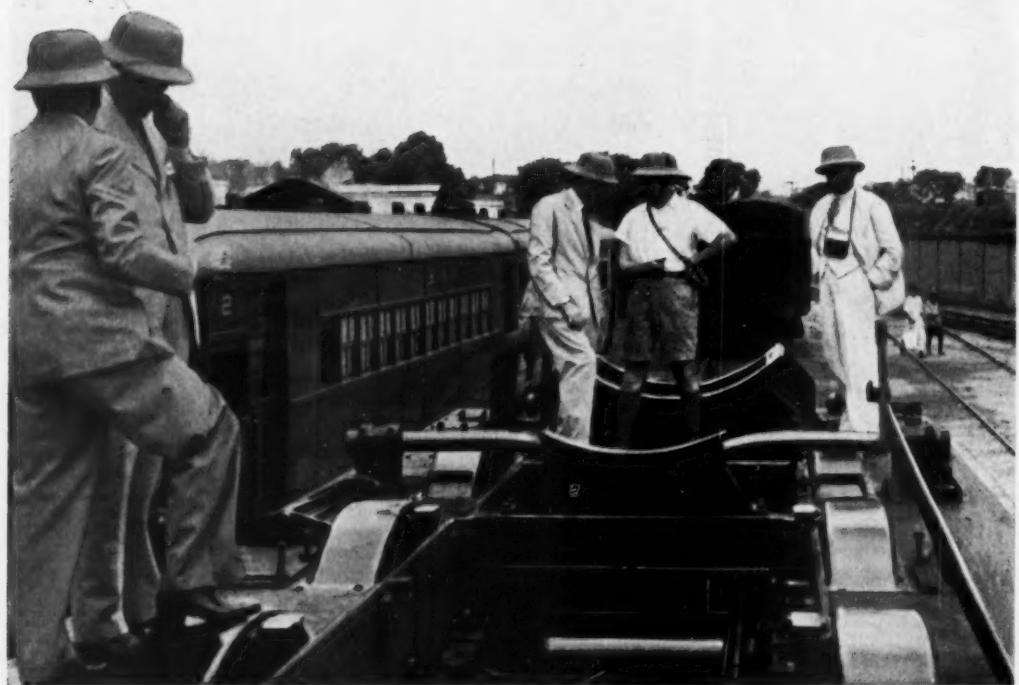
Lubrication to the column, knee, and table is fully automatic, and the standard Cincinnati reservoir and wick oiling to the arbor support are also incorporated. Production of this machine will begin in the near future.

The Pacific Locomotive Committee in India

Photographs taken during the committee's tour by Mr. R. Carpmael, M.Inst.C.E., one of its members



"XB" locomotives fitted up for flange test experiments, Moghalsarai, E.I.R. The bogies and leading coupled wheels are connected by springs adjustable to exert known loads on the axle ends



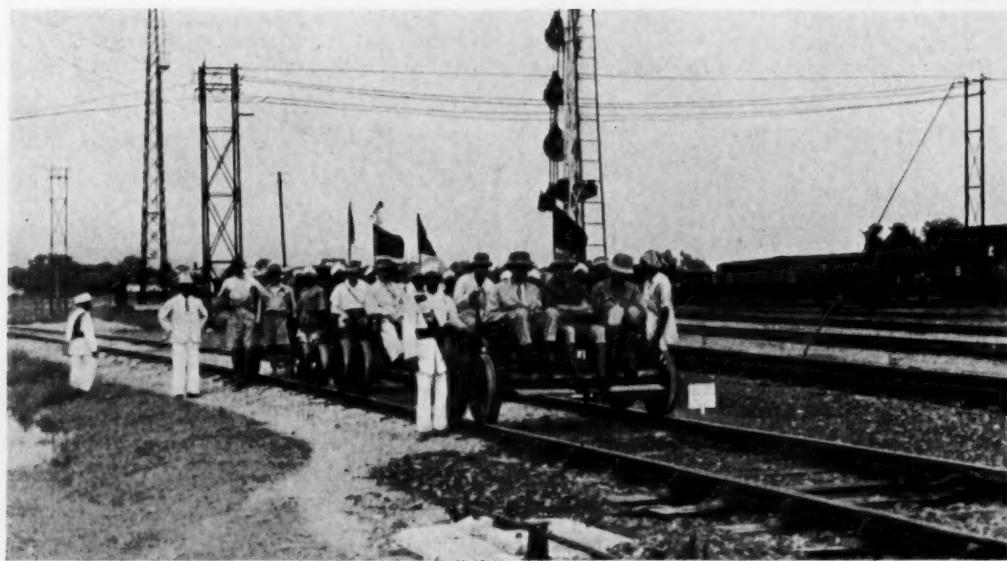
Inspection of locomotive underframe at Lallaguda, Nizam's State Railway



Section of curved track fitted up for recording lateral movement



Committee's inspection special; note inspection platform over engine bogie



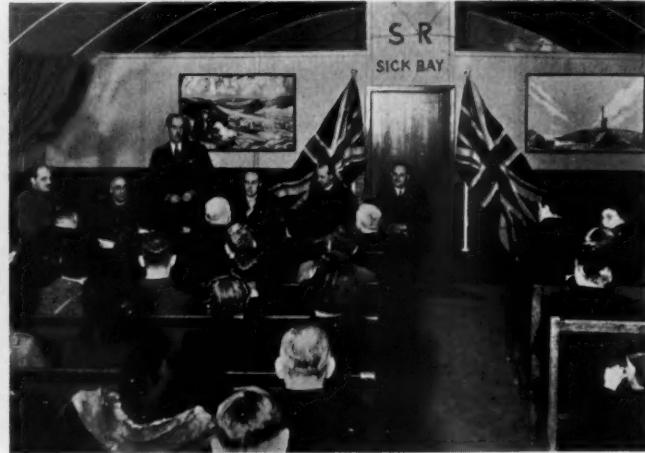
The committee inspecting the road from push trolleys near Arkonam, M. & S.M.R. The push trolley is manually propelled, the trolleymen alternately running along the rails pushing T-shaped handles on the trolley and jumping on to the trolley, which runs on under its own momentum for a considerable distance

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British Railways and the War—61



Spitfire named " Flying Scotsman," the money for which was contributed by L.N.E.R. staffs of all grades. See our issues of September 13 last, page 285; October 25, page 441; and January 3, page 23



Left: Small patient in bunk in sick bay at Southern Railway staff shelter, Waterloo. Right: Colonel Eric Gore-Browne, Deputy Chairman, Southern Railway, formally opening the sick bay on Wednesday, March 5 (see page 285)



Left: Matron of Waterloo Hospital talking to nurse in charge of sick bay at Southern Railway staff shelter, Waterloo. Right: Colonel Gore-Browne inspecting bed in sick bay

RAILWAY NEWS SECTION

PERSONAL

FREIGHT ROLLING STOCK COMMITTEE

Mr. T. E. Batty, Assistant Rolling Stock Controller, York, L.N.E.R., is to be loaned by the Government as Chairman of the Freight Rolling Stock Committee, which has been set up to supervise the distribution of the mineral and merchandise wagons in the country.

MINISTRY OF TRANSPORT

APPOINTMENTS

The following appointments to the Directorate of Ports have been made :—

Mr. P. H. Tolerton to be Director of Ports, Mr. S. S. Wilson to be Deputy-Director, and Mr. R. P. Biddle to be Assistant Director. Mr. Tolerton, who is a Principal Assistant Secretary, and Mr. Wilson, an Assistant Secretary, in the Ministry of Transport, have been responsible during the past two years for the port and transit organisation, which is the part of the Ministry dealing with docks and harbours. Mr. Biddle, who takes up his new post immediately, is the Docks & Marine Manager of Southampton Docks, Southern Railway.

Mr. Frank Parkinson, Chairman of Crompton Parkinson Limited, Derby Cables Limited, and the British Electric Transformer Co. Ltd., has been granted leave of absence from his executive positions in these companies to enable him to place his whole-time services at the disposal of the Ministry of Supply on his appointment as Deputy Director-General of Contracts. Mr. Parkinson will, however, retain his seat on the board of the abovementioned companies.

Mr. A. C. O. Magniac has been elected a Director of the Proprietors of Hay's Wharf Limited.

L.N.E.R. APPOINTMENTS

Mr. C. P. Hopkins, General Assistant to the Superintendent, Southern Area, L.N.E.R., has been appointed Assistant Rolling Stock Controller, York.

Mr. A. Winter Gray, O.B.E., Secretary of the Institute of Transport, is to relinquish that position on March 31. Mr. Frank W. Crews, B.A., Assistant Secretary, has been appointed Acting Secretary. The retiring Secretary has been elected an Honorary Member of the Institute.

Mr. Charles Mitchell Hoffe, who took up his appointment (announced in our December 27 issue) as General Manager, South African Railways & Harbours, on February 14, was born in Ballina, County Mayo, Ireland, and went to South Africa in 1897 as a boy of eleven to join his father who was in business in Pretoria. He was educated at the Diocesan College, Pretoria;

was recalled from active service on the amalgamation of the offices of the Minister of Railways and the Railway Board and was appointed Assistant Private Secretary to the Hon. H. Burton. In 1921 he was appointed Private Secretary to the Minister of Railways, and in 1923 also became Secretary to the Railway Board. In September, 1929, Mr. Hoffe was appointed Superintendent (Staff) in the office of the General Manager and became Chairman of the Staff Committee. In the next year, on the inauguration of the Staff Control Board, he was appointed a Member and was also Chairman of the Stores Investigation Committee. In 1933 he took office as System Manager, East London, and in 1935 was promoted to be Chief Superintendent (Staff) and became Chairman of the Conciliation Board. In November, 1936, he was appointed Understudy to the Chief Accountant, afterwards became Assistant Chief Accountant, and in September, 1937, Chief Accountant. Mr. Hoffe was appointed Assistant General Manager (Commercial) in May, 1939.

Mr. R. G. Forbes, Assistant Chief Traffic Manager, South African Railways & Harbours, has been appointed Assistant General Manager (Commercial), in succession to Mr. Hoffe.

We regret to record the death on March 5 of Mr. F. Gregory Brown, R.A., who has been called the "Father of the Modern Poster." Mr. Gregory Brown was advised to approach the Underground organisation with a view to executing posters. Mr. Frank Pick, who was Managing Director of the Underground Electric Railways Co. of London Ltd., took to Mr. Gregory

Brown's work and bought several designs, the first of which appeared in 1914. He continued to work for the L.P.T.B. and also for the Great Western, London & North Eastern, and Southern Railways.

L.M.S.R. STAFF APPOINTMENTS

Mr. N. R. Smith, Joint Goods Agent, Huddersfield, L.M.S.R. & L.N.E.R., to be Goods Agent, Leeds (Hunslet Lane) vice Mr. J. Inman, retiring.

Mr. E. D. Farrar, Joint Goods Agent, Wakefield, L.M.S.R. & L.N.E.R., to be Joint Goods Agent, Huddersfield, L.M.S.R. & L.N.E.R.

Mr. H. Grindrod, Joint Goods Agent, Batley, L.M.S.R. & L.N.E.R., to be Joint Goods Agent, Wakefield, L.M.S.R. & L.N.E.R.



Mr. C. M. Hoffe

Appointed General Manager,
South African Railways & Harbours

St. John's Boys' School; Boys' Model School; and the Maritzburg College. Mr. Hoffe began his career in the Chief Accountant's office of the Transvaal Repatriation Department in 1902, and transferred to the Attorney-General's office in 1904. On the consummation of the Union, the Attorney-General's office of the Transvaal became the Department of Justice, and during Mr. Hoffe's period of service in that department he was clerk to the Law Advisers. During 1913 he was appointed Assistant Secretary to the Native Lands Commission. In 1914 he was transferred to the office of the Minister of Railways and some time later proceeded on active service with the 1st S.A. Mounted Brigade to East Africa, and was mentioned in despatches. He

March 14, 1941

Mr. G. L. Enright, Goods Agent, Sowerby Bridge, to be Joint Goods Agent, Batley, L.M.S.R. & L.N.E.R.

Mr. J. Hammond, Chief Transit & Station Working Clerk, District Goods Manager's Office, Liverpool, to be Goods Agent, Langton Dock & North Mersey, *vice* Mr. F. W. Andrews, retired.

Mr. E. S. Cooksley, temporary Goods Agent, Kew Bridge, to be Goods Agent, Rugby, *vice* Mr. F. J. Kiddy, retiring.

Mr. George Hally has been appointed Managing Director of the Daimler Co. Ltd. from February 1. He was born in Glasgow in 1885 and educated at Uddingston Grammar School and the Royal Technical College, Glasgow. After serving a six-year apprenticeship with Alley & MacLellan Limited, of Glasgow, he obtained further experience with Messrs. J. Taylor & Sons, Civil Engineers, Westminster, occupying for three years the position of Mechanical Draughtsman and for four years that of Resident Engineer. He then became successively Chief Engineer to the Sun Power Co. Ltd. of London and Cairo; Assistant to the Works Manager to W. H. Dorman & Co. Ltd. of Stafford; Engineering Manager of the Gloucestershire Aircraft Co. Ltd., of Cheltenham; and held other positions as Works Manager to important engineering firms. In July, 1923, Mr. Hally was appointed Chief Mechanical Engineer to the Metropolitan Railway, and in April, 1931, became, in addition, that company's Traffic Manager. While C.M.E. of the Metropolitan he designed five 7-coach trains with roller-bearing axleboxes, and altogether placed in service 65 vehicles so equipped. The widened lines from Wembley Park to Harrow, and the Stanmore branch, with the first C.T.C.,



Mr. George Hally

Who has been appointed Managing Director of the Daimler Co. Ltd.

signalling installation in this country, were opened during his period as Traffic Manager. Mr. Hally was appointed Operating Managing (Railways) London Passenger Transport Board, in 1933, on the formation of the board, and retired from that position in January, 1938. He has since been General Manager of the Daimler aircraft shadow factories.

Mr. R. F. Hatto has been appointed General Manager of S. Wolf & Co. Ltd. Mr. Hatto has recently completed 9 years as Sales Manager. He has been for 22 years in the service of the company.

We regret to record the death at Toronto of Colonel Malcolm Lang, who was for six years Chairman of the Temiskaming & Northern Ontario Railway, and a former member of the Dominion House of Commons and the Ontario Legislature. Col. Lang's retirement was recorded in our April 26, 1940, issue.

INDIAN RAILWAY STAFF CHANGES

Mr. C. E. Hall has been appointed to officiate as Financial Adviser and Chief Accounts Officer, G.I.P.R., as from November 5 last.

Mr. C. T. Venugopal has been appointed to officiate as Deputy Chief Accounts Officer, G.I.P.R., as from the same date.

Mr. T. S. Subramanya Ayyar has been appointed to officiate as Deputy Chief Accounts Officer, N.W.R., as from November 16 last.

Mr. J. W. Grant, Assistant Traffic Controller, Southampton Docks, Southern Railway, has retired after holding the position for 6 years. Mr. Grant is a Southampton man and entered the service of the L.S.W.R. in 1896 as a junior clerk. After holding various positions he was sent to the Superintendent of the Line's office at Waterloo, and later to the Central Divisional Traffic Office at Eastleigh. He was assistant to the Stationmaster at Southampton for 18 years, and was then posted to the Traffic Controller's office at Southampton Docks. During his 45 years of service Mr. Grant has witnessed many notable sights, among them the departure of our troops for the Boer War, and the arrival of the first German prisoners in the last war.



The naming ceremony of the "Channel Packet," the first of the new Southern Railway "Merchant Navy" class Pacific locomotives. The left-hand view shows the Minister of Transport with Messrs. O. V. Bulleid, E. J. Missenden, and R. Holland-Martin
(See pages 277 and 308)

TRANSPORT SERVICES AND THE WAR—81

Civilian air-raid casualties in February—Extension of coastal area ban—U.S.A. Railways and the war—Canadian railway war effort—Break of gauge in war—Great Britain breaks off diplomatic relations with Bulgaria

Figures of casualties sustained in air raids during February, issued by the Ministry of Home Security, are as follows: 789 civilians killed; 1,068 civilians injured. Of the killed 383 were men, 312 women, and 91 children under the age of sixteen. Of the injured 598 were men, 365 women, and 105 children under the age of sixteen. Three of the killed are not classified.

Extension of Coastal Area Ban

The Ministry of Home Security announced on March 8 that the ban on visits to certain coastal areas for the purposes of a holiday, recreation, or pleasure will be extended so as to include the coastal belt from Brighton to Littlehampton inclusive, and extending inland as far as the northern boundaries of Chichester and Chailey rural districts and including Arundel and Burgess Hill. The imposition of this ban will take effect from midnight of March 25. A list of the stations serving the areas subject to the ban will be posted up prior to March 25 at all main stations. Intending visitors by rail to the coastal belt should consult the list to ensure that the place they intend to visit is not covered by the ban. Those intending to proceed on a holiday visit by motor coach should make similar enquiries at coach booking offices. The ban will apply only to visits for the purposes of a holiday, recreation, or pleasure. The restrictions will not apply to persons ordinarily resident in the area or to persons wishing to enter the area for business reasons, or to persons wishing either to visit school children who have been evacuated to places within the area, or to visit sick or injured relatives in the area. The following persons will be regarded as ordinarily in the area: School children returning home for their holidays; workers who are accustomed to spend their weekends or spare time at home with their families in the area; and members of the Forces on leave visiting their homes. No permits will be issued. Members of the public who wish to visit a banned area must use their own discretion in deciding whether or not the purpose of their visit comes within the ban. If they decide to go they should, if possible, carry with them some evidence in writing of the purpose of their visit in order to satisfy enquiries by the local police or other authority.

S.R. Staff Air Raid Shelter

The Southern Railway, the first main-line railway to provide a private shelter with bunks for its homeless staff and their families, has now provided a well-equipped sick bay staffed by a trained nurse. This sick bay was opened on Wednesday of last week (March 5) by Colonel Eric Gore-Browne, D.S.O., O.B.E., A.D.C., Deputy Chairman of the Southern Railway, and dedicated by the Rev. Keith E. Collins, M.A., Assistant Superintendent of the Missions to Seamen, assisted by the Rev. C. W. Hutchinson, Vicar of St. John's, Waterloo Road. Some illustrations are reproduced on page 282.

As a result of air raids, large numbers of the company's staff residing in the South London borough became homeless, and to assist them 300 bunks were provided in their private shelter. These temporary "homes" are kept scrupulously clean and the residents have taken a real personal pride in their billets. It was decided to improve the general amenities of the shelter, and the company's engineering department set to work to level and lay in a concrete floor. Some 500 tons of rubble and earth were removed, and drains were laid. Water was laid on, and wash basins and lavatories installed, as well as electric lighting and large electric fans. All this work was carried out in less than three months, despite the fact that all materials, including cement and ballast, had to be carried for a considerable distance to the site by hand. In its well-equipped canteen as many as

1,300 cups of tea and coffee have been served in one night. To ensure that the staff and their families have their own particular bunk, a system of reservation has been brought into use. Qualified lecturers from Morley College visit the shelter every evening from Monday to Friday to talk on such topics as music, drawing, painting, modelling, play reading, and books. On one night a week a physical training and boxing class for youths 14 to 18 years of age is run. A library has also been provided with 500 books, and these are issued free of charge.

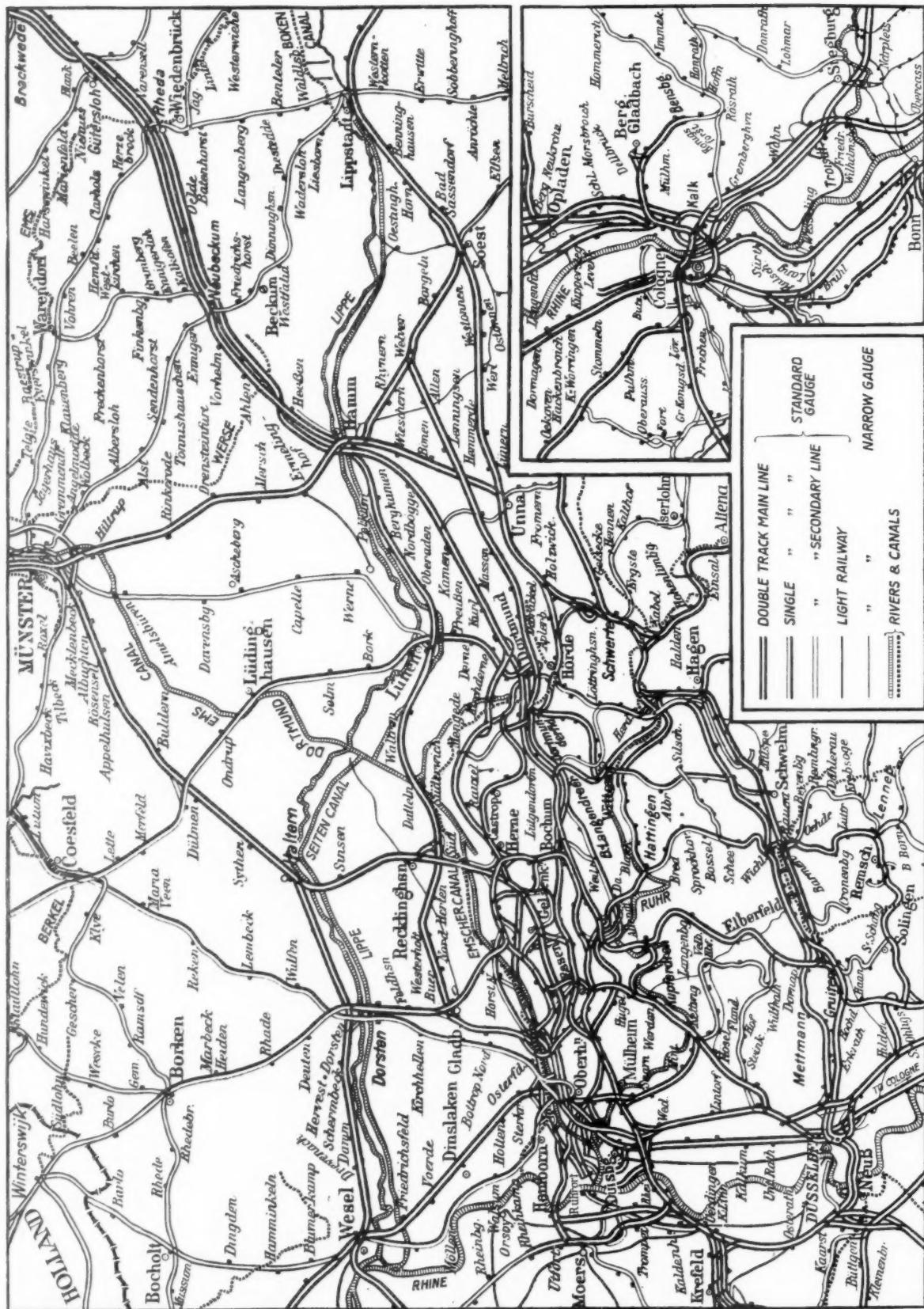
L.M.S.R. Research Department in War

Wartime conditions have given rise to many problems in connection with which the work of the L.M.S.R. Research Department has been of great value, and Lord Stamp, in presiding at the annual general meeting of the L.M.S.R. on Friday last, pointed out that, although research in Government establishments can suggest general solutions, the L.M.S.R. benefited greatly in having its own department to adapt these general principles to its particular needs. As an example, he quoted the steps which had been taken to minimise the danger from flying glass in signal boxes, which must of course remain in action during air raids. The L.M.S.R. Research Department began work on this problem before the war, and by the time the need arose it had prepared a method for treating the windows of signal boxes so effectively, without interfering with clear vision, that in boxes so treated there had not yet occurred injury to a single man by glass splinters. In one case, said Lord Stamp, the signalman was literally wrapped in glass without being scratched. Naturally this has meant a great deal to the confidence of the men, and therefore to operating efficiency.

U.S.A. Railway Service in War

In the course of a short-wave broadcast from the U.S.A. on February 13, sponsored by the British American Ambulance Corps, and addressed to the railway workers of Great Britain, Mr. A. N. Williams, President of the Lehigh Valley Railroad Company, said that while all forms of transport had a place in war, successful military operations depended upon mass transport—a service that only the railways could furnish in the volume required. We might raise great armies but that was not enough—we must also be able to transport them quickly to points where they were needed. Man power at the front would be effective only so long as horse power provided the necessary equipment and supplies to maintain it. In the main, this meant railway service with speed and dependability. This was true of Britain where his hearers were now engaged in conflict, and it was also true of the U.S.A. where national defence had become the paramount consideration. However, as Colonel Turner had said, there was a great difference in the transport needs of the respective countries. The maximum journey in Britain required only a few hours, but in the United States the two sea coasts were separated by 3,000 miles, and the two land boundaries by 1,200 miles. As a result, distance became a vital factor in the States. For instance from Camp Dix, New Jersey, to San Francisco was six times the distance from London to Aberdeen; from Pensacola, Florida Naval Air Station, to Bremerton Navy Yard, Washington, was nearly twice as far as from Leningrad to Rome; from Great Lakes Naval Training Station to Brownsville, Texas, was 60 miles farther than from Berlin to Constantinople; and from San Diego, California, to Newport News, Virginia, was more than five times as far as from Paris to Berlin.

The United States, said Mr. Williams, constituted the widest domain on this earth wherein there existed free and unrestricted trade, with agriculture, business, and industry spread over more than three million square miles. The modern



The railways of the Ruhr (and, inset, Cologne) which are regular targets for the R.A.F.

steam locomotive contained more than 7,500 parts, which came from 120 manufacturing plants scattered throughout the land. More than 50 per cent. of the average requirements for aircraft fabrication was transported 1,500 miles for assembly. But distance was spanned safely and speedily by those who desired to travel, and freight service was faster and more dependable than ever before. Last August the U.S.A. railways transported 150,000 soldiers in a little more than three days, more than the average number moved in a day during the peak month of the first world war. During many recent months as much freight had been moved to and through the Port of New York, as when American troops were in France. Those who were depending on the American railways would not be disappointed. They were doing a first class job today and they would be ready for the traffic load of the tomorrow. Railwaymen were not allergic to emergencies. Even in normal times, they met an emergency of some sort or other every day, and they spent their lives doing the things that could not be done. This was true of British railway workers and it was true of those in the U.S.A.

Like many American railwaymen, said Mr. Williams, he always enjoyed reading THE RAILWAY GAZETTE, published in London. The January 17 issue of the GAZETTE had reached his desk that morning. It carried a "Toast to Britain" sponsored by the Reynolds Tube Co. Ltd. of Birmingham, England, and he would close his greeting to the railway workers of Britain with a quotation from this toast:—

"Tribute is due to the countless thousands of quite ordinary men and women of Britain who are patiently contributing their quota to the great struggle for the freedom of their fellow men of all races. Such Britisherers, as, for instance, our railway workers, lay no claim to 'heroics.' Daily and nightly they carry on despite enemy action. Here's to them all! God bless them."

Mr. Williams concluded: "I am sure that more than a million American railroad workers join me in subscribing to this sentiment."

National Defence Railways in the U.S.A.

The present year is likely to be the most active for ten years or so in regard to new railway construction in the U.S.A., mainly in view of the national defence programme which that country is carrying through. Much of the programme is still in the planning stage but sufficient information is already available to enable Mr. M. H. Dick, the Eastern Engineering Editor of the *Railway Age*, to estimate that new track mileage to the extent of at least 1,000 miles will be required to serve defence establishments that have already been authorised; approximately 500 track miles will be needed to serve six munition plants alone. Much of this new mileage will be located on property owned by the Federal Government. To some extent the nature of certain of the plants involves greater lengths of line than would be required for a non-military factory. For example, the various units comprising individual plants for the manufacture of explosives are dispersed over large tracts of land, and one such factory alone will need nearly 160 track miles. In another instance, involving a powder factory, about 85 track miles will be needed, and one shell and bomb-loading plant will have some 55 miles. The amount of new mileage needed by the U.S.A. railways for their own purposes, as a result of the national defence programme, will also be considerable, chiefly in additional sidings and connections with new industrial plants.

Canadian Railway Difficulties Solved by War

During the sixteen months of war up to the end of 1940, the movement by rail of munitions and men in all directions in Canada, as well as the tremendous task performed by the two great Canadian railway systems in conveying naval, military, and air Forces to the two seaboards, have resulted in a large increase in revenue traffic and enabled these railways to show a remarkably improved financial position at the end of last year. Both the C.P.R. and the C.N.R. have been accorded well-deserved praise for the extent and efficiency of their contributions to the war effort. When war broke out they had ample capacity to handle traffic far in excess of that then offering, and the only requisite additions to their equipment were further locomotives and more rolling stock, both of which were immediately ordered with the aid of Dominion finance. Among the many wartime tasks which the Canadian railways have been asked to perform are the movement of

men and aircraft parts for the Commonwealth air training scheme, which has about forty training centres across the country; the transport by rail across the continent of timber which normally would be conveyed by sea; and the conversion to munitions work of some of the railway shops. Up to the end of 1940 about 2,400 C.P.R. employees had joined the fighting Forces and this figure is likely to be increased considerably in the near future. There can be no question about the willingness and ability of the two great Canadian railway systems to pull their weight in serving the war effort, but we understand that some Canadian railway officers are already wondering whether they will find themselves in the post-war period, with capital equipment requiring maintenance, and upon which interest charges have to be met, which are in excess of what can be employed profitably by peacetime commerce.

Railway Restrictions in Germany

In discussing railway disorganisation in Germany, the *Kölnische Zeitung* recently observed that the Reichsbahn frequently has to revise its schedules for passenger trains owing to the heavy demands for goods transport. It added that in the Essen Division the normal passenger routes between Duisburg and Hamm via Essen Central station and via Essen Altenessen, and between Essen Central and Gelsenkirchen have been altered. The *Kölnische Zeitung* published a long list of train services temporarily suspended, including those from Cologne to Hanover, via Solingen; Duisburg to Hanover, via Essen, Dortmund, and Hamm; and Cologne to Hamburg and Altona, via Düsseldorf, Hamm, and Hanover. This would appear to indicate severe damage to the railways in the neighbourhoods of Cologne-Deutz, Essen, and Gelsenkirchen. The *Bremen Nachrichten* has admitted that the R.A.F. bombing of Bremen inflicted considerable damage, but stated that this had not impaired Germany's war efficiency to any considerable extent.

The German radio on March 5 urged listeners to restrict their use of German railways. It was stated that no Easter trips should be undertaken, and leave from work should not be spent away from the district. Between April 6 and 20 visits should not even be paid to or by evacuated families.

It is reported that Polish labourers in Germany are required to wear the letter "P" in violet on the coat sleeve, to facilitate ready identification, and that they are not permitted to travel on trains, trams, or buses, without a special police pass. Any Poles attempting to travel without this pass are handed over to the police by the guards or conductors.

Break of Gauge in War

Political and strategic considerations have often been held to account for the decision to adopt the 5-ft. gauge for the railways of Russia, the idea being that in the event of invasion the enemy would be prevented from using any rolling stock other than that which he might be able to commandeer within Russia itself, which would considerably hamper his progress. This presumption was falsified during the war of 1914-1919 when the Germans, in penetrating Russian territory, effected a change of gauge to their own standard of 4 ft. 8½ in. on the sections to be worked, by moving one of the rails inwards for the required distance, on the existing sleepers. This process, and the similar steps taken by the Russians and Poles during subsequent hostilities, were facilitated by the general use in this part of the world of flat-bottom rails, fixed direct to the sleepers.

There is, however, evidence to show that strategic reasons were not the determining factors in selecting the 5 ft. gauge in Russia, as was made clear by the correspondence published in THE RAILWAY GAZETTE for December 4, 1936. Whatever may have been the reasons in Russia for adopting a rail gauge different from the general European standard, there can be no question that a break of gauge is a considerable drawback in war to the invading force. To facilitate through passage of rolling stock between Poland and Russia measures were adopted some years ago for the use of vehicles readily capable of adaptation for running on both standard and broad gauge lines and these were briefly described in our issue of September 29, 1939 (page 436). In the same issue an earlier transfer

system was also described. War conditions have again made the subject of topical interest and at page 276 this week we publish a short article by a correspondent describing the general principle of the Boock convertible vehicles, which is reported to be in use at the present time for running through vehicles between Germany and Russia. Only a broad outline of the principle is at present available, and this suggests various technical difficulties which, however, are not insurmountable. As our columns have indicated from time to time, the volume of transit traffic between Germany and Russia would appear to be slight, and it is possible that the use of such convertible vehicles is more to avoid theft during transhipment than to effect through running for traffic operating reasons. Experience with the running of through vehicles between railways of different gauges is one of the matters about which post-war information will be awaited with keen interest.

Upper Rhine Traffic

A German official spokesman has stated in Berlin that traffic on Upper Rhine between Strasburg and Basle was resumed on March 10 for first time since outbreak of war. He added that all blown-up bridges had been cleared away. Brief details of bridge destruction by the French Forces were given at the time in these columns.

Danube Shipping Resumed

Owing to improved weather, shipping was resumed on February 26 along the whole of the Danube between Roumania and Bulgaria and up as far as the Jugoslav frontier, according to the Official German News Agency from Bucharest.

Bulgaria

On March 1 Bulgaria acceded to the Tripartite Pact, signing in Vienna a Protocol thereto, and on March 2 Berlin announced officially that, in agreement with the Bulgarian Government, German troops had crossed the Bulgarian frontier that day. In a speech in the Chamber of Deputies on March 2, the Bulgarian President of the Council stated that the Bulgarian Government had decided to agree to a request made by the German Government that German troops should be permitted to enter Bulgaria. It was added that the German Government had declared that the presence of these troops would be temporary and that their task was to safeguard peace and tranquillity in the Balkans.

On March 4 the initiative was taken by the Bulgarian Government in breaking off diplomatic relations with Poland, Belgium, and the Netherlands, countries which are allies of Great Britain and the position of whose representatives in Bulgaria has hitherto been unchallenged. On March 5 the British Minister in Sofia informed the Bulgarian Government that the presence in ever-increasing force of German troops on Bulgarian territory with the obvious object of menacing, and perhaps attacking, Greece, combined with the growing subservience of the Bulgarian Government to German policy, was incompatible with the maintenance of British diplomatic representation in Bulgaria. Accordingly, relations between Great Britain and Bulgaria were immediately severed. On March 5 also the British Government decided that it must now regard Bulgaria as territory under enemy occupation and from that date therefore Bulgaria is regarded as an enemy destination for contraband purposes, and all goods of Bulgarian origin or ownership are liable to seizure. The Board of Trade announced on the same day that Bulgaria is enemy territory for the purposes of the Trading with the Enemy Act.

The Postmaster-General announced on March 7 that the postal, money order, and telegraph services to Bulgaria and Roumania had been suspended.

The Baltic States

Further details are now available of the incorporation into the U.S.S.R. of the Baltic States of Lithuania, Latvia, and Estonia, which we recorded at page 260 of our September 6, 1940, issue. It seems that the incorporation was provided for by three decrees passed by the Supreme Council of the U.S.S.R., dated August 3, 5, and 6, 1940, and that these

Baltic States were given the status of constituent Republics of the Union. In the cases of Latvia and Estonia, the respective territories of the former independent States have become those of the new Republic. With regard to Lithuania, however, a section of the White Russian Soviet Socialist Republic with a preponderance of Lithuanians has been detached from White Russia and assigned to the Lithuanian Soviet Socialist Republic. Lithuania and White Russia have been asked to agree on a demarcation of the new boundaries, but it is not known whether the precise line has yet been fixed. The railways of Lithuania, Latvia, and Estonia have of course been incorporated in the U.S.S.R. railways, and brief details of the management divisions and operating sub-divisions that have been established in the territories of the Baltic States were given at page 603 of our December 6, 1940, issue.

The Northern Railway Association in Wartime

The German occupation of Denmark and Norway and the war in Finland completely interrupted the activities of the Northern Railway Association, which in April last was forced to suspend the issue of its monthly periodical, the *Nordisk Järnvägstidsskrift*. Postal communication between Stockholm, the headquarters of the association, and Norway was for some time totally interrupted, and letters to Denmark took several weeks to reach the recipients. In September last, at the invitation of the Swedish State Railways, after the restoration of almost normal postal services in Scandinavia, the managing committee met in Stockholm, with several leading officers from Norway, Denmark, and Finland, and decided to resume work, especially the issue of the journal, the loss of which had been felt keenly. Little committee work is now practicable, owing to various difficulties, and the journal is the principal link between the members. It appeared again, in its well-known style and size, for October, 1940.

Transport in Norway

Quisling's Minister of Police in Norway is stated to have given orders to patrols of Hirdmen (Quisling Storm Troopers) to search railway and tramcar passengers for "seditious" pamphlets.

It is reported from Stockholm, in a message dated March 5, that strict control of travel in Norway has been ordered by the Germans as part of their efforts to check sabotage. All hotels and boarding houses must in future notify the police of the arrival of all guests, and the captains of all steamers must report the identity of all passengers. Many reports of delays on the Norwegian railways, alleged to be due to sabotage, especially in the province of Østfold (south east of Oslo), continue to come through neutral channels.

French Rolling Stock

Germany is stated in a New York message to have requisitioned from France more than £80,000,000 worth of railway rolling stock including every third goods wagon in the country. Now, because these requisitions have disorganized French transport Germany has agreed to return on loan to France 10,000 French goods wagons. Another American message estimated the transfer of goods wagons from France to Germany at 70,000, which compares with the pre-war total of 515,000.

Central Control of Wagons

Announcement is made in our Personal section at page 283 this week of the loan of Mr. T. E. Batty, Assistant Rolling Stock Controller, York, L.N.E.R., to the Government as Chairman of the Freight Rolling Stock Committee. The organisation of central control of wagons announced by the railway companies last week, and of which the first intimation was given in THE RAILWAY GAZETTE of February 14, is regarded as one of the most important steps yet taken to enable them to deal with the greatly increased wartime traffic. An effort will probably be made to induce Government Departments and large contractors to give notice of their probable requirements. It may be possible also to do something to check the hurried sending of large numbers of wagons to places where unloading facilities are limited.

LONDON MIDLAND & SCOTTISH RAILWAY COMPANY

Share of pooled revenue—Financial agreement with Government—Return to stockholders—No basis for allegation of “profiteering”—Machinery for revising charges—Companies not consulted on increases—Advance in wagon mileage—Need for co-ordination in demands on transport—Rebuttal of unfair criticism

The eighteenth annual general meeting of the London Midland & Scottish Railway Company was held at Friends House, Euston Road, London, N.W.1, on Friday, March 7, 1941. The Rt. Hon. Lord Stamp, G.C.B., G.B.E., Chairman of the company, presided.

The Secretary (Mr. G. Royde Smith) having read the notice convening the meeting, the Chairman said: Ladies and Gentlemen: I now lay on the table the report and accounts for the past year and as they have been in your hands for some days I presume you will, as usual, take them as read.

I regret to state that as a result of enemy action 28 of our men were killed and 278 injured during the year 1940. In October we were horrified at the sudden loss of Lionel Hichens—another victim on Hitler's murderous list. He was a valuable director of the company, and it was truly said at the time of his death that “he rendered to his country and the Empire services too many and various to be enumerated here. Disinterested and public-spirited in the highest degree, possessing natural gifts of leadership and an extraordinary steadfastness of character, he was a strength to all who came into contact with him.” Since our last meeting death has robbed your board of another valued colleague. Mr. Charles Ker, who at the time of the amalgamation was Deputy-Chairman of the old Glasgow & South Western Railway Company, literally died in harness. In July last he died suddenly, just before presiding at our Scottish Committee. No man could have been more devoted to the company's interests, for he attended our Glasgow offices almost daily. We are poorer by the loss of a wise counsellor and mourn a lovable colleague.

You will all welcome Lord Runciman back to the board, which he had left under pressure to take up Government office. The two other vacancies have been filled by the appointment of Sir Ian Bolton, who has been already serving us on the Scottish Committee, and Lord Aldenham, and we could not have two better versed in the large commercial and financial affairs of Glasgow and London.

You will, I am sure, wish to congratulate our Vice-President, Sir Ernest Lemon, on the honour of Knighthood which has just been conferred. You will remember that he was seconded to the Government for two years as Director-General of Aircraft Production, and I am glad to say he has now been released with many expressions of gratitude for his services, and has returned to this old position. I have also recently been able, with the consent of the Prime Minister, to arrange to bring to a close the work committed to me on economic co-ordination.

One other personal reference; Mr. Glynne Roberts, the Secretary of the company, who had also been my personal assistant for 15 years, has found it necessary, owing to poor health, to retire after 45 years' railway service. We hope he may long be spared to enjoy his well-earned retirement. He has been succeeded by the Assistant Secretary, Mr. G. R. Smith.

Results of the Year

As I explained last year, the net revenue accruing to the company during Government control is its share of the aggregate net revenues of the controlled railways and the L.P.T.B., together with certain non-controlled items. It is not, therefore, possible for me to deal with the actual earnings of your undertaking, but for the whole of the controlled undertakings the gross traffic receipts for the year amounted to £248,000,000, an increase of £41½ millions over 1939. The corresponding expenditure, including a provision on account of war damage, was £203½ millions, an increase of £35 millions, making a net increase of £6½ millions in traffic working. After allowing for a debit balance of £1½ millions

in net receipts from other sources, compared with a credit balance of £2½ millions, the total net revenue of the pool was £42½ millions, an all-over increase of £2½ millions over 1939. The pool total of £42½ millions for 1940 is £2,900,000 above the guaranteed net revenue, and, at this level, the pool is divisible entirely amongst the controlled undertakings, that is to say, we have not reached the point at which the Government share 50-50, and the L.M.S.R. share, including their proportion of joint lines, being £14,423,000.

The amount chargeable to the pool for renewal provisions is the average of the years 1935, 1936 and 1937, but this does not represent the amounts which we have set aside in 1940 in accordance with our practice. Allowance for this and various minor adjustments make the amount accruing to the company, apart from non-controlled revenues, £14,126,000. Miscellaneous receipts from non-controlled sources amounted to £581,000, reflecting an increase of £44,000 from our Irish interests and £17,000 from our investments in road transport undertakings. The total net revenue was thus £14,707,000, an improvement on 1939 of £395,000. Out of this an amount of £300,000 has been set aside to cover certain wartime contingencies, leaving, with £101,000 carried forward from 1939, a balance available of £14,508,000.

After meeting interest and dividends on the prior stocks, £1,594,000 is available for the ordinary stock, and the board recommends a dividend at the rate of 1½ per cent., the same as in 1939, carrying forward £166,000.

Balance Sheet Items

Turning to the balance sheet, there are one or two items which I should mention. The miscellaneous accounts on the liability side show a substantial increase owing to payments required to be made under the working of the pool. The increase in the renewal funds is due to decreased expenditure on complete renewals which has been caused, in part, by the advance expenditure on renewals in recent years, which I explained to you before, and to retardation of current work during the war. On the assets side the very large increase in outstanding traffic accounts reflects the increased traffic.

I pointed out to you a year ago that the net revenue accruing to the company from the operation of the pool, including the minimum amount receivable under the Government guarantee, is subject to restrictions in regard to expenditure for war damage, air-raid precautions, and maintenance. There are certain ambiguities in the position at the present time on each of these matters which it would not be in your interest for me to discuss now, but we have had regard to them in settling the scheme of accounts for the year 1940.

I do not wish to go over the merits of the financial agreement, for it was reviewed fully last year. You were given the right in 1921 to retain, if the Railway Rates Tribunal could fix rates to make it, 4·7 per cent. on your capital, a modest enough return as a practical maximum standard revenue. A shareholder has written me to know what you have actually received. You have, through no fault of your own or your management, received instead only an average return of 3½ per cent. in the 18 years since amalgamation, or a shortage of £107½ millions below the amount contemplated by Parliament as a reasonable return on the capital employed. Yet you ordinary stockholders find yourselves now branded as war profiteers for exceeding a minimum of 1 per cent. on your stock, because with every unthinking man's hand against you in the immediate pre-war years 1935-1937, your capital produced only 18s. 4d. per cent. per annum. I did not disguise from you that the principle of the agreement was not of our choice. The present Minister has said that he doesn't like it either, but cannot suggest a better, and it is difficult to detect

any enthusiasm for it elsewhere, mainly because it does not guarantee the community against the effect of increased costs. But the burden of increasing costs which is borne for most products and service by the user, is sought by a large number to be thrown upon you or upon the taxpayer. Now whether the user of transport should be subsidised by the taxpayer is a political issue I shall not pronounce upon, but I can see no reasons why the railway shareholder should not have a reasonable return upon his money for the fullest use of his assets, and not be specially penalised because he was particularly unfortunate in pre-war years.

The agreement provided, as I have said, for war damage up to £10,000,000 per annum for all the railways in any one year to be charged. The actual sum involved is spread forward for 12 months from the date when it is incurred, and the accounts for 1940 have been closed on this basis. I am not free to give you details of the amount thus spread into 1941. We have now been notified by the Government that it proposes to invoke the clause in the agreement (which provides for revision for any major cause) for a reconsideration of this provision rendered necessary by reason of the principles of the War Damage Bill. It seems to be contemplated that the public utilities, including the railways, shall come under a comprehensive scheme of their own. We have replied that we are willing to negotiate such a revision for the future, but we have not yet any intimation of the basis suggested. We did so on the understanding that no revision should be made to the prejudice of the controlled undertakings or place them in a more unfavourable position than under the existing agreement. This seems to us a fair stipulation, for we see no reason why the Government should be influenced by interested pressure to take advantage of revision on this point to put the railways in a weaker position on others.

Three Basic Principles

The possible schemes of financial arrangement with the Government were, of course, very numerous, but they can all be reduced to variants of three basic principles. First, the principle of a fixed payment or rental at one or more levels, practically independent of the actual services rendered. In this the State benefits by all increased traffic and bears the burden of all increased charges, wages, etc., and if they tend to outrun receipts, can subsidise the railway user as in the last war, or raise the cost for all or particular rates and fares as and when politically convenient. The charges made for Government traffic are then mere Treasury book-keeping. Second, the principle of payment on the basis of actual services rendered, in which the pre-war rate of profit per unit of service is maintained, whether the total service is more or less. Here increased costs fall on the State, except so far as the Government elects to raise rates and fares, but all savings or economies due to a larger volume of traffic accrue to the State. Third, the principle of leaving profits to be computed in the ordinary way, with a guaranteed minimum on the one hand, in case of a low volume, compensated by profit-sharing and limits if the volume is great. This logically involves provision for adjusting rates and fares to meet enhanced costs if the regular criteria for adjusting rates to reach a standard revenue are taken away. Moreover, if profit-sharing is to be rational and valid it involves doing so, not arbitrarily according to political expediency, but systematically on an agreed plan and without regard to political considerations. This is the principle chosen by the Government, except that it is always open to the State, of course, to give up its share of profits to the railway user in keeping down rates.

Increases in Charges and Costs

It is urged that under the first two principles the railways have no incentive to economical management, but under the third they have, because they have to stand the racket of all increased costs that are within their control. I will not go into this fine distinction or accept it, but I would point out that they also have to suffer every Government requirement that deprives them of any revenue they might make, and the so-called partnership is not always that of identical financial interests.

Whatever the scheme, increased costs are a fact. If the ordinary stockholder got nothing they would not be absorbed. If increased costs go into charges the cry of inflation is raised.

But a subsidy which widens an already unbridged budget gap can be no less inflationary. We may dodge awkward facts, but we cannot dodge the consequences of dodging them.

Under the Railways Act, 1921, the general level of charges was settled from time to time by the Railway Rates Tribunal, which had to fix charges at such a level as would yield, so far as practicable, the standard revenue. In practice this placed upon the railways the responsibility of explaining their views on charges although the responsibility for the revisions rested with the tribunal. In losing these rights the railways gave up a great deal. The financial agreement with the Government took their place.

When the Minister of Transport took control at the outbreak of war under the emergency legislation, this statutory charging system and with it all our responsibility for it, was suspended. In lieu of it the Minister was empowered to give directions authorising additions to the charges of public-utility undertakings, including a railway.

The railways were specifically excluded from the Compensation (Defence) Act, and the Government required the remuneration of the railways, which were under the Minister's control and were acting under his directions, to be on the basis of net earnings, subject to the partnership of the Government in earnings over a certain range, and the guaranteed minimum payments. This basis was essentially dependent, if it was to be a just one in practice, upon the arrangements for the adjustment of charges in place of the system suspended, and, as part of the Government scheme as a whole, the railways were informed that the Government would give a definite undertaking that rates, fares, and charges would be adjusted promptly to meet variations in working costs due to new levels in wages rates and prices of materials and operation under war conditions, including the cost of meeting war damage up to a maximum of £10 millions per annum for all the railways and loss of earning power of the London Passenger Transport Board. The working arrangements to complete this part of the Government plan were, first, a direction to the Railway Executive Committee, who are the Minister's agents for the exercise of his control, to estimate the increased costs as defined and to recommend how they should be met; secondly, the Minister, with or without prior reference to the advisory committee appointed for the purpose was to direct the alterations he considered appropriate.

Responsibility Solely with Minister

It is thus not true to say, as some are fond of doing, that the "rapacious" (!) railways are *demanding* increases—these are the automatic result of provisions in a financial scheme for which the Government was responsible. We have no voice either as to the time or scope or how this is done, and at no stage are the railway companies as such consulted on new charges. The responsibility rests entirely with the Minister to apply the arrangement as an integral part of the agreement made in February, 1940. But let it not be supposed that any other method would dodge the necessity for increases, unless the railway user is to be publicly subsidised, for costs of all materials have risen substantially, the difficulties of working are very great, and the wage bill is much increased. The money to meet these does not come out of the blue, and the mere increase of traffic at the old rates would not suffice to meet the increased cost.

There has been much loose talk suggesting that increased traffic charges have caused inflation. The short facts are that about 5 per cent. of the traffic receipts in the 16 months of control represents increased charges and that at the present time the yield from all increases is about 12½ per cent. When this is compared with the increase of 26 per cent. in the cost of living from September 1, 1939, to January 1, 1941, the absurdity of this suggestion is obvious, and comparison of actual increases in retail prices of commodities illustrates this. Further, if we look at the prices we pay for commodities we use compared with those on which the pool is based, we find increases of 41 per cent. in coal, 80 per cent. in steel rails, 183 per cent. in sleepers, 83 per cent. in pig iron, and, I must add, a decrease of 1 per cent. in cement.

There is obviously a substantial lag in implementing this part of the agreement for the period from September 1, 1939, to December 31, 1940, but I cannot convert it into terms of net revenue for the controlled undertakings as a whole and

from that into the effect on the net revenue of the L.M.S.R. for 1939 and 1940. I can only say that the financial results for 1940 do not represent your full rights under the agreement.

The Working of the Year

It is quite impossible for me to give you a review of railway affairs on the usual lines, for our system is such an integral part of the war effort that information about nearly every feature of it ought not to be made public, because it may give something of use to the enemy. The extra work done by the railway has been very heavy. I am not at liberty to tell you much about it in detail. It cannot be measured by mere tonnage, because unaccustomed routes and distances have been so prevalent. The loaded wagon miles are the best measure we can give and these show an increase of 18½ per cent. over 1939 (the heaviest increase being for coal and minerals) and 31 per cent. over the last pre-war year. Measured against the highest previous goods traffic in our history, the increase in work done was 12 per cent. against a decrease in net revenue of 17 per cent. In that year (1924), indeed, we earned £5,300,000 on our ordinary stock, and in 1940 £1,500,000. It may be said that we have been able to carry more goods traffic only by reducing passenger trains. It is true that the passenger mileage has been reduced, but it is now considerably higher than at the beginning of the year 1940, and the pressure on these trains, both with numbers of passengers, the distances they travel and the weight of parcels traffic, means that the work on the freight side has not really been done at the expense of passenger facilities. Of course, under the financial agreement the work we do and the payment we get are not directly related, because the pooling has first to bear the burden of the reduced receipts and increased costs in the London and other evacuation areas. Nevertheless, taking not merely the L.M.S.R. but the railways as a whole, it is clear that the outbursts in some quarters which grudge the railways any reward at all, and describe the barest living wage for our capital as profiteering, have no justification in fact whatever. In many countries, including Britain and America, there is a prevalent attitude which expects transport facilities to be provided on the most modern scale while defying all the laws that govern the supply of everything else, without any increase in charges, however much costs may rise. New capital is expected to pour in abundance from magic sources which such people do their best to starve and discourage.

Difficulties of Working under War Conditions

There were three chief events affecting our operations : The snowstorms and blizzards with fog in January, and particularly at the end, were the worst in living memory. In three days lines were blocked at 313 places, in the aggregate for 48,000 hours. I think you will find that is the same as seven years. The weather caused an extensive hold-up of industry and, in particular, of the lifting of coal from the pits, which largely contributed to the shortage of coal experienced for many months. A quick recovery was made, and by the end of February normality had been reached, and in the succeeding months of the year successive highest levels of traffic were recorded. It will interest you to learn that except during the ice period, in each month we moved a substantially greater number of loaded wagon miles than in the high traffic year of 1929 and had an overall increase compared with the year of 246,000,000 miles—an increase averaging 28,000 each hour of every day. The demands which this huge effort made on our reduced staff were great and were made greater by enemy action but were responded to nobly and cheerfully. Then the sickness epidemic reached serious proportions. For example, in February, when we had 398 goods shunters, 613 goods guards and 2,074 footplate staff absent. This, together with the shortage through army recruitment, proved a serious handicap.

So far as enemy activity was concerned, for the first 12 months we learned to carry on in spite of blackout difficulties, but the beginning of intense enemy activity brought its special problems—the slower speeds imposed during alerts, the extinguishing of lights during raids, and actual damage meant slower transits. But the resilience and recovery have been remarkable. It must always be remembered that apart from these difficulties and the weight of traffic, priority has often to be given to special trains conveying the forces and stores,

or to the supply of wagons to and the clearance of special traffic from the ports. The civilian convenience has often to take second and even third place. Apart from these causes, the longer trains make station delays in getting passengers in and out, parcels traffic at night takes longer to handle, and there is a shortage of trained men. Special traffic, involving, as it does, the use of unusual routes, has naturally put great strain on the normal facilities of all the companies involved in its carriage and has needed great flexibility in our respective organisations and often very circuitous routes to cope with it. Allegations are sometimes made that blocks in working are due to jealousies between the companies. I can assure you that these charges are absurd, and harmonious through working is adopted to the full. We exchange stores and stock and take each other's trains without regard to any individual interest.

I spoke just now of loaded wagon miles as being the best measure of services rendered. But even they do not fully show the work done in times like these. Railways are laid out physically to deal with recognised flows of traffic, and such lines on the law of averages are capable of dealing with considerable proportionate increases throughout. But the increase now registered follows no pre-existing lines in quantity or direction, and coming upon the railway as it does from unusual quarters to unaccustomed destinations, without any relation to layout or existing facilities at either end, the increase represents a far greater strain on our resources than it would in ordinary times. In fact, as our genial Irish friend Lord Castlerosse said recently, "Englishmen expected the railways not only to do their duty, but also the impossible."

Service Department Demands

Our great Service Departments have been so concerned in time of peace with strategy and the programme of requirements it entails that they have not given adequate thought to transport, particularly as affecting industrial output. They have assumed that it would be available in any degree as and when wanted. Indeed, only slowly have they been learning to translate their requirements into the primal elements of raw material, man power, ground space, and equipment. Only when these have been ascertained and aggregated has it been possible to demonstrate that, however reasonable one department might be, taken together, their demands may make nonsense. The controller of the supply of one of these elements has not, till then, been able to see what priorities and allocations must be given and what steps taken to increase supplies or facilities, to reduce exports and civil consumption—indeed, to know what real pinch was coming and where. Only now is transport coming into their picture—the next item in the ignorance of unknown aggregations to be thought worthy of notice. Departments and contractors prefer the easy course of treating the railway system as something upon which any goods, in any quantity, at any time, by any sender, for any destination, can be dumped, without prior notice, but with full rights to require prompt and complete delivery. The idea that everyone will gain if they take the trouble to think out the transport implications of any piece of work and advise a central Government agency, which by aggregation and co-ordination will be able to tell us what the demands upon us for particular places at particular times are likely to be, is only slowly gaining ground. It ought to be impossible for a Government department or contractor suddenly to forward 50 wagon loads to a consignee who has only facilities for unloading two or three a day, or for several departments, unbeknown to each other, to make simultaneous demands upon a particular track to the extent of three times its capacity. We welcome the advent of a special transport officer in a department like the Ministry of Supply as co-ordinating a mass of industrial demands. But the process needs carrying a good deal further, and should not stop at merely getting greater satisfaction for the demands of one department, but should enable the demand for national requirements as a whole to be continually and in particular places systematically brought into contrast with the supply, or facilities available at such places.

In America they seem to have become alive to this at an earlier stage than here. Ralph Budd, Commissioner in Charge of the Transportation Division of the National Defence Advisory Commission, recently established in the United States as an agency for bringing about co-operation and

unification of effort, puts as the first item of policy: "to anticipate all transportation needs as far in advance as possible—the consideration of not only the amount and type of traffic to be carried, but also the region in which it will develop," and enlarges on the responsibility which this entails on departments and manufacturers in including transport in their planning ahead.

Research Department

Wartime conditions have given rise to many problems on which the work of our research department has been of very great value. This is a scientific war, and such problems as substitute materials, salvage, A.R.P. and blackout can only be solved quickly and effectively by scientific methods. Research in Government establishments can suggest general solutions, but your organisation benefits greatly in having its own department to adapt these general principles to its particular needs.

Let me give you two examples. Signalboxes must remain in action during air raids, and you know the danger from flying glass. The research department began work on this problem before the war, and when the need arose we were able to treat the windows of our signalboxes so effectively without interfering with clear vision that in boxes so treated we have not yet had a single man injured by glass splinters. In one case the signalman was literally wrapped in glass without being scratched. You can guess what this has meant to the confidence of the men and, therefore, to operating efficiency. Then the innumerable lighting problems of the blackout in goods sheds, marshalling yards, and elsewhere have been tackled jointly by our lighting section and the research department, and scientific methods have enabled us to combine safety from observation with the best permissible lighting.

Air-raid Precautions

The intensive air attacks that have been made on this country since September last have proved the efficiency of the steps taken in 1938 and 1939, which we have further strengthened during the year. Our trained A.R.P. workers have responded magnificently on all occasions to meet every emergency. All points brought to light by experience and continuous review, which indicated any weakness in our vast A.R.P. organisation, have been reported and our arrangements adapted accordingly. Those already trained have received refresher courses, and many new members have been trained on the most up-to-date lines. Much additional protection is also being provided for the staff where experience shows it to be necessary, as rapidly as labour and materials will allow. In case the enemy should use gas the research department has worked out quick methods for the decontamination of our rolling stock.

Home Guard

The response to the appeal for the Home Guard by our men was splendid, and there is now available a really fine army for the protection of the property so vital to the war effort. Their training is, of course, undertaken by the military authorities, and the men are under their orders during the time they are on duty, our part being to recruit the men, enrol them and appoint them to the various railway posts which require protection, making contact with the local military commanders as necessary. They have rendered excellent service during air raids. The number volunteering for the Home Guard and for the company's A.R.P. services now totals over 100,000, nearly half the total staff employed. This, of course, is not the entire war effort made by L.M.S.R. employees, because in addition to these, and apart from our 12,000 men serving in the Forces, a large number are in the A.R.P. schemes of the local authorities.

Salvage Campaign

Industry, and railways in particular, have always a considerable by-product in residual materials. Our engineering and stores departments prior to the war developed the recovery and re-utilisation of scrap and residuals to a high pitch of efficiency, and the minds of our staff are constantly turned to new ingenuities and devices with great success, in order to meet wartime requirements and overcome shortages. There is, however, another side—at stations, depots, and works throughout the system a quantity of waste akin to household

refuse has always accumulated. In the past much of this was destroyed or neglected as it was comparatively valueless. In advance of Government action we were in the field with our salvage arrangements immediately on the outbreak of war, and with the appointment of a special salvage officer to co-ordinate and stimulate the collection of salvage, our staff has responded enthusiastically. During 1940 they have gathered, often in small gleanings and by individual effort, thousands of tons of useful material of all kinds and descriptions.

Decorations for Bravery and Service

You may be sure that the difficulties of carrying on during enemy action have added to the opportunities for acts of heroism by our staff. Six members have been honoured by the King, Chief Foreman H. J. Taylor, Poplar, and Goods Porter J. W. Booth, Sheffield, receiving the British Empire Medal; Stableman-in-Charge W. G. Day, Haydon Square, Chief Delivery Clerk H. J. Page, Camden, Goods Checker J. E. Ling, Bow, and Signal Lineman A. R. Wilson, Plaistow, being commended in the *London Gazette*. Apart altogether from bravery in war conditions and air raids railway service affords many opportunities for heroism. For example, a fireman nobly stuck to his engine and brought his train to a stand after the glaresheets had been set ablaze by flames from the firebox and his driver had fallen on to the permanent way. This fireman was so severely burned that he died after several months in hospital.

Training of Women

The continual drain on our man-power at a time when we need increased workers, has led to the employment of female labour in the wages grades on work previously performed by men, and up to now approximately 4,000 women have been so engaged, and well indeed are they coping with their tasks. In order that they may become efficient without delay, arrangements have been made for special courses of instruction to be given as soon after engagement as may be practicable. A suitable syllabus of training has been prepared for this purpose, which will be supplemented by films.

The Work of the Staff

Our staff has been worthy of the highest praise for the courage it has consistently shown in danger, for its endurance of long hours working under most difficult conditions, for its resourcefulness in many emergencies, and particularly for its patience under quite undeserved and hasty criticism. From the beginning our trainmen and signalmen were pioneers in working through air-raid alerts without flinching, and setting a fine example to industry generally when the conditions were revised. Our engineers have surpassed all expectations in the speed with which they have repaired damage and restored working conditions. Our operating staff has been alert and ingenious in solving immediate problems. But all through it has been handicapped by the necessity for secrecy about the weather conditions, the running conditions, damage, and delays of all kinds. Many a fine performance or improvisation has received not praise but actual hostile criticism because of people's propensity to think that because they cannot see the reason, no reason exists. I remember one particular Sunday, following the havoc of a Midland town, when communications were seriously interrupted, the stationmasters and controls performed a feat of remarkable skill—not a single intending passenger but was got through from the north to London, no doubt very late, hungry, and cross and having been taken by many devious routes through renewed alert delays—but at any rate they had got through. The officials might easily have given in and put up a notice, "No through travel to London today." Instead, they rearranged, improvised, felt their way from control to control, with communication often interrupted and merely local, and they overcame every obstacle. Their only reward was circumstantial accounts by certain know-all passengers of inefficiency, readily accepted as good copy by some papers. Such comments have a cruel effect upon the morale of the workers, and are against the public interest, and it would be better not to put these statements into print until it has been ascertained in confidence from the authorities whether there are substantial reasons that cannot be published, why the accounts so given are not an

adequate presentation of the facts. We have no wish to escape proper criticism, but under the veil of secrecy we cannot answer back and defend our staff. I have seen the serious effects of this upon them and can affirm that this haste to kick the men round is not calculated to maintain our war effort and the morale of our staff. In most countries of the world railways seem to be fair, or rather unfair, game for anyone. People who would be decently careful not to make disparaging statements without weighing their words, concerning any person or other institution, do not hesitate to declare roundly that their trouble is "due to the railways" and, like Pilate, they do not wait for an answer—indeed, they usually assume there is no answer. Railways and their men are certainly not perfect, and even if they were they would not please everyone. But my examination of the comments and complaints shows that there is a complete and very creditable answer to nine-tenths of them if we could give it. The impulsive, ignorant and inconsiderate can now have it all their own way. Indeed, even in higher quarters the sense of responsibility is not always equal to the sense of privilege, and damaging statements can often be made in influential circles that cannot be readily followed up. Even the report of an official committee does not escape this tendency to accept anti-railway evidence without check when it makes the statement that a certain project had to be abandoned because the railway companies could not agree which of them should participate, whereas, in fact, the railways had been actually thanked for the facilities they had afforded. I have such an admiration for the work our men have done under discouraging conditions that I feel bound to make this plea for fairer comment under present conditions if they are to continue to give service of this quality.

I explained to you last year the change that has taken place in the direction and policy consequent upon Government control. Your board and its administration has first to see that the integrity and smooth working of the machine are so preserved, and its affairs so directed as to carry out as efficiently and economically as possible all the directions from the Railway Executive Committee as the agents of the Minister of Transport in all those matters in which the Government is concerned. Secondly, it continues to control all the remainder of the innumerable day-to-day functions in which the Government is not for the time being taking a direct interest. This remains the situation today, and all the company's staff is doing its best to fulfil as faithfully as possible the tasks allotted to them.

I now move: "That the report now read, with the statement of accounts, be received and adopted." I will ask the Deputy Chairman to second that resolution.

Sir Thomas Royden (Deputy Chairman): Mr. Chairman, I have much pleasure in seconding the adoption of the report.

The Chairman: Before I put the resolution to the meeting I shall be glad to afford the usual opportunity for any remarks you may have to make. I will ask each speaker, please, to give his name. When I say "any remarks," I must remind you that I have had to be very careful, in the speech that I have already given you, to watch the requirements of the Censor, and it may very well be that you would put questions to me in the ordinary way which, under the same restrictions, I shall have to say that I cannot answer; but it may also mean that you might make statements about particular happenings in particular places at particular times which are injudicious. I just give you that reminder to show you that we are working or speaking or meeting today under conditions that we have not had to face in pre-war times. With that warning to you I shall be very glad if you will now make any comments or speeches you wish to make.

Remarks of Stockholders

Mr. W. P. Taylor: My Lord Chairman, Ladies and Gentlemen, we are greatly indebted to you for that extraordinary able and comprehensive speech. It is one that we shall have to study carefully when it appears in print. There is one principle which I do hope will be agreed to and acted on, and urged by yourself, the directors, and every stockholder present, and that is with regard to the general financial treatment of the railways by the Government. A railway is a commercial undertaking, and the various assets of the railway, its land, its buildings, its constructed lines, its rolling stock, and all its

other belongings have a tremendous value. I am probably justified in assuming that this value is not at the present time less than the £460 million or so of the nominal capital of the company. On that assumption the question of the dividends which all the various classes of stockholders are entitled to receive, assuming that the railway is administered and managed with reasonable commercial efficiency, is surely not less than what they would be entitled to receive if they held some kind of Government Stock; and if it may be assumed that the asset value of this great undertaking amounts to the sum that I have mentioned, I would suggest, Sir, that any sum less than a 4 per cent. distribution on the whole of this money is rather less than justice to the shareholders. Now, my Lord Chairman, you made a remark with which I cordially agreed and that is that the modern equipment of the railways has only been made possible by continuous expenditure of capital. If, therefore, it can be shown that over some years past the ordinary shareholders have been receiving less, we will say, than 4½ per cent. of their holding, and if admitted that the railway directors and their staff during that time have been doing their administrative work efficiently, I think it is a fair contention that a good deal of this modern, efficient equipment has really come out of the pockets of the shareholders; and if the question of nationalisation should ever arise I do think that we should all of us utilise to the utmost any capacity we possess to maintain that the full asset value of the undertaking should be the basis on which the shareholders will be compensated. In the financial arrangements to be made with the Government during the next few years I think that the same principle should be urged upon them as the minimum of justice. It is customary to talk about a railway being a wealthy corporation, and large shareholders being wealthy men, and so forth, but railway stocks are an investment which are held by a great many people with very small incomes, who need all that justifiably arises from their undertaking. Most of us, I suppose, have a certain amount invested in various commercial investments, and we do not consider ourselves overpaid if we have 5, 6 or even more per cent.; it is just a reasonable commercial return; and there is no reason whatsoever why railways should be any less favourably treated than any other commercial undertaking.

Councillor Wilson: Mr. Chairman, my Lords, Ladies and Gentlemen, I assure you I am not interested in railway lines or sleepers or anything of that kind. I am very concerned about the position of the ordinary and preference Stock. If it had not been for your fathers and your great-grandfathers this public service of national importance would never have been in existence. Furthermore, we have never had any control over the goods we carry or the price we get for their transport, being common carriers; therefore I think we ought to be entitled to the same rate of interest as those people who have invested their money in War Stock. I have invested my life's savings, which were only £13,000, and I have seen that gradually fall from £13,000 to £1,300, and the position is even worse today because in three years' time, if you do not adhere to the protection that was given to the ordinary and preference stockholder by the Companies (Clauses) Act of 1845, it will be lost. We have no articles of association; we are a corporate body operating under charter; therefore the 1845 Companies (Clauses) Act is the only thing that we can rely upon.

In 1927 the directors of this company included in a private Parliamentary Bill a clause conflicting with the Companies (Clauses) Act, 1845. The sections of the Companies (Clauses) Act with which it conflicts are sections 85 and 86, which prevent any director from holding any other position of profit in the company. After 1927 the directors were in a position to create part-time salaried positions, and this was carried into effect. The directors do not act singly or individually; they act as a body, and are responsible as a body; so between 1927 and this date hundreds of thousands of pounds have been paid in salaries not shown in the balance sheet. No directors' fees are shown in the balance sheet; and under section 91 of the Companies (Clauses) Act, 1845, it is not only your privilege but your duty to fix the directors' fees at this meeting. I took that case into court at my own expense, and it cost me nearly £400. When I challenged them in court on a notice to produce, King's Counsel on the side of the company said: "There is no written document, my Lord, so we therefore

do not produce it." The Judge remarked: "I think it is a sufficient answer to the case that the directors are not here." But they are here this morning, and if you carry out your duty you will ask: Why are the directors' fees not shown in the balance sheet? What are they? What are the directors' salaries? When the amalgamation took place you were in a more prosperous position, and you always had a dividend. But today what are the three reasons why we are not getting the dividend? One is that our directors say that road hauliers are not common carriers; so they argued a year ago. But in the first year of the reign of William IV, Chapter 68, you will find the Stage Coach Act. In those days the stage coach and the wagon were all common carriers. That Act has never been repealed. Why our directors have not fought it, I do not know.

I know we are in a difficult position because our directors are directors of other incorporated joint stock companies trading directly and indirectly with this company to the extent of millions. As to that the Judge remarked: "You see, Mr. Wilson, when their company is so trading in coal, iron, steel, and so on, they do not vote." He evidently knew them much better than I. I as a shareholder feel that I am entitled to the protection of every word of the Companies (Clauses) Act, and I feel disturbed when Parliamentary Bills contain clauses conflicting with that Act, as the Great Western Railway Company is putting one through on the 12th, in a Private Bill which says that directors shall hold another position for profit in the company. I say that not one single word of that Act should be waived for any corporate body in particular. If it is, then the whole section of the Act should be repealed. When I and others came into this building, we got a Stockholders' Association leaflet, and I do not think the comment on my proxy fight is quite fair. My proxy fight was because the directors issued proxies in their own name with a stamped cover for their return, to which I did not object. Our objection was that they issued them only to those people who had £2,500 and over in the company. I think if you will read section 64 of the Companies (Clauses Consolidation) Act of 1845, under which we are entitled to certain privileges, you will find that equal rights and privileges are granted to all stockholders to vote by proxy at the meetings. When the time comes I think it will be advisable for you to elect six of your members who are dependent on the ordinary and preference stock, because the Government will take railways away from us within three years' time whether we like it or not. It is a public service of national importance, and at present, unfortunately, owing to circumstances over which we have no control it has been in the hands of vested interests since the amalgamation took place.

The Chairman: Are there any other comments?

Sir Charles Stuart-Williams: Mr. Chairman, my Lords, Ladies and Gentlemen, we are very severely rationed in the information available in regard to practically the whole of the details of last year's working, which of course I quite accept in the circumstances in which we meet, but it prevents me from making any intelligent remarks or criticism about the year's working. I therefore confine myself to two points. One is to express the endorsement, which I believe is universal on the part of stockholders, of the Chairman's very spirited and comprehensive remarks about the unjust criticism levelled at the railway service. It is aggravating, it is almost maddening, to read in one or two journals statements which are absolutely incorrect, which are absolutely wrong as to their facts, which are utterly misleading in the inferences drawn from them, and it is very aggravating to find that no amount of argument, no production of facts, makes the slightest difference to those papers. I suggest that the publicity work which the railways are carrying on at the present, and which I think is very well done, might perhaps take a turn in that direction. There are few of us who want convincing as to the excellent work which has been done by the London staff and by the engineering department, and by the whole of their supervising officers in carrying on under present-day conditions. We know all about that, and we appreciate it very highly; but I think there are many people among the ordinary readers of newspapers who have very very little knowledge of the facts to which the Chairman has alluded today, and I should like to see a fairly comprehensive programme of publicity as regards those main facts. The other

point I want to make is a comparatively minor one. It is not really directed against what you might call the rank and file: it is rather against the management. It was my unfortunate lot during some of the most unpleasant days in January and February to have to undertake little cross-country journeys. I can quite appreciate the difficulties of the day, but is it really necessary that every waiting room should be lit so dingily, that all outdoor light should be excluded and the one lamp so dim that reading is quite impossible? Is it really necessary that railway refreshment rooms should be such dingy temples of hopelessly inadequate food as they are at present? My experience was that when you got off any one of the main-line trains, the attempt to provide anything like edible food was quite hopelessly inadequate. My observation in London, and in other places, does not lead me to think that that is entirely inevitable. I see shops and restaurants which make a pretty good show, but I do not find anything like that, even in the larger railway refreshment rooms. I think something should be done in that way. I mention that, in spite of the Chairman's very well-deserved remark, because at the present time the railways have this wonderful opportunity, so to speak, of improving their goodwill by adding to the user of the railways for the goods purposes and for passenger traffic. If they can convince the average passenger today that they are doing their utmost, and that in spite of many difficulties they are doing very well indeed, then they are building up a goodwill for the future, which I am sure they will want, but at present I do not think they are doing it. They are leaving many people with the feeling: "When this blessed war is ended I am bluffed if I will ever travel by rail again." There is too much of that. I think it could be avoided if there were more intelligent and more extensive supervision from the top. I am sorry to have to interpose something like a grouse, but I do not want you to go away with the feeling that I am grouching generally. I feel that the railways are doing splendid work under terribly difficult conditions, and I congratulate them upon that work.

Mr. Richard Chamberlain (Crewe): My Lord Chairman, you will remember that I asked if you were satisfied with the way in which this company was managed. I also asked why it was that sleepers laid in the Rugby and Lincoln line between 36 and 38 posts in 1926 were taken out in 1935 after 9 years' service. I also protested against the sending out of the "Coronation Scot" to America, but the Chairman very kindly said that he hoped to give us a profitable and interesting report. We have not had it yet.

Mr. Barnabas Russell: Mr. Chairman, my Lords, Ladies and Gentlemen, I do not propose to offer any criticism today, not that there is nothing to criticise, but I feel in this time of crisis that all criticism is more or less redundant, and I think that our Chairman and our board and all our officials should be left in peace to conduct their onerous tasks of today. There is one thing which is of great importance to the shareholders which I should like to mention without any bitterness, and that is the large amount of money that is being spent on capital account. Last year £449,000 was spent on capital account, and in the preceding year £392,000 was spent on capital account. The trouble is that this expenditure is entirely non-productive, and that it is being financed year after year by money drawn from the railway (I forgot the exact name of the thing), which has given us power to draw £9,000,000 of which £7,000,000 has already been spent, and which last year was drawn upon to the extent of £700,000. Now, Sir, as an economist you know that it is unwise to borrow money on premier securities unless it shows some return, and I think the board ought to consider whether it ought to go on drawing this money and spending it unless there is some very good chance of our getting some return for its expenditure.

Mr. W. J. Stevens: My Lord Chairman, you have voiced what the majority of the stockholders must feel is a debt of gratitude to the staff, and I think we ought to give you a special vote of thanks for stating what is so generally felt. When you put it to us that the criticism amounts to a retarding of the war effort, I think it is up to this meeting to show in no uncertain way that we do support the vindication of the staff which you have put forward in your speech; and I am sure stockholders will most heartily support what

you have said about the staff. The criticism which has been made of them largely arises from sheer ignorance and lack of imagination. A little observation will show, if you take other public utilities—gas, water, and the public services in the roads—how they carry on in war conditions. There are still roads that have been blocked for months. What would people say if the railways were blocked for two days. I think there is an utter lack of realisation of what the railways have done, and when it becomes a danger to our national asset it ought to receive more publicity, and, if I may suggest it, correction.

Mr. Ashley Brown : Mr. Chairman, Ladies and Gentlemen, I rise for the purpose of associating the Stockholders Union with the tribute which our Chairman has paid to the employees of the company. I have in mind more particularly the drivers, firemen, shunters, guards, signalmen, and so forth. These men carry on in every circumstances of difficulty and danger as though nothing unusual has happened, is happening, or ever can happen. It seems to me that these men typify the British character in that they carry on without fuss and with lack of excitement in the face of every conceivable difficulty. We would certainly like to associate ourselves with the Chairman's tribute to these men.

Mr. Barry : Mr. Chairman, I should like to move a Resolution that the dividend on the ordinary stock should be 4 per cent. and not $1\frac{1}{2}$ per cent. I should like to preface my reasons by stating that your speech to us this morning is a magnificent record of work done, excepting that its magnificence is very much dimmed when we come to the $1\frac{1}{2}$ per cent. The main reasons why I propose this amendment are these : (1) sufficient money has been earned during the past year to pay the 4 per cent., as a result of a very heavy traffic and unusually heavy earnings ; (2) because it is high time that a few moments' thought should be given to the claims of the ordinary stockholder ; (3) unless the 4 per cent. is paid on the ordinary stock, neither that stock nor any other class of stock in the company will recover from the present crash in their commercial values, but will continue to crash ; (4) it is necessary to pay 4 per cent. not only as an act of justice to the ordinary stockholder and to stop the rot in every class of stock, but also to maintain, in the interests of the nation as a wartime measure, a credit basis on which £1,200 millions of railway capital rests. One has only to note the enormous sums spent in almost every direction of the company's activities during the past year to feel that we have a right to know why so much has been allowed to spread into every other channel except that of the dividend of the ordinary stockholder. We know the costs of materials have risen, and that wages have risen both in standard rates and in earnings, and I fancy that the total earnings of most grades have exceeded the rise in the cost of living. Yet, each time the union demands more wages the directors of this, and of other companies, seem readily and tamely to acquiesce in the handing out of more millions, despite the fact that from the foundations of the wages tribunal it has always been clearly understood that the directors are not compelled to accept its findings. This war has thrown up a set of conditions which were never contemplated when preference stocks and debenture rates were fixed. The cost of making up the pay of men in the services should be borne equally by ordinary and preference holders, debenture holders, directors and every grade of railwayman and woman. The sum that the ordinary stockholder of this company is forced to pay alone to the men in the services is equal, I estimate, to $1\frac{1}{4}$ or $1\frac{1}{2}$ per cent. on their dividend.

The Chairman's Reply

The Chairman : We have had some very interesting speeches, and I think I will not take up a great deal of time in reply, as not many actual questions have been asked. Mr. Taylor spoke in a most interesting way on the subject of railway capitalisation. As a matter of fact if he will look back, if he has a copy of the speech that I made last year, he will find that I went into this matter at very considerable length, and dealt with the different aspects of it, knowing the number of misconceptions in the public mind on the question of railway capital. But on the particular question he mentioned, when he said that he imagined that our replacement value would be equal to the £450 million of capital standing in our books, may I quote from the speech that I made last year ? Under the third head, dealing with this, I said : "It is not surprising

that on a conservative valuation the cost of replacement in present condition, at pre-war prices, of L.M.S.R. property would be £750 million or some 60 per cent. more than the £460 million of capital expenditure in the books." Of course that only reinforces the cogency of the remarks that he made, and I am sure we will all sympathise with his view that 4 per cent. upon the £460 million at least would be a perfectly fair goal at which we should ask the Government and the public to aim, without any accusation of the railways that they were profiteering or taking advantage of war conditions. Mr. Taylor is quite right when he says that the marvellously efficient equipment which we handed over to the Government at the beginning of the war has come out of the Stockholders' pockets, that is to say, they have in one form or other subscribed the money, or that out of the very carefully administered renewal fund we had built it up.

Mr. Wilson made a very excellent point which I shall carry forward with all the force of his authority behind it when arguing these matters with the authorities, that we ought at least to have the same rate of interest on our money as is obtainable in War Stock. That is a perfectly sound point. Then Mr. Wilson went into some questions relating to the Act of Parliament. May I say that the question relating to the variation of the 1845 Act involving the part-time employment of directors, was dealt with by Act of Parliament which went through the ordinary course of criticism by you and by the appropriate parliamentary machinery, and no change has taken place since then. As a matter of fact no director has any other paid position in the company, other than myself, and the conditions relating to my own position were fully explained when I came, and there has been not the slightest change since. The directors' fees were fixed by this meeting some years ago, and the only change that has taken place there is that the directors voluntarily reduced the amount that you granted, and announced a reduction some years ago. I do not know enough history to comment or either to agree or disagree with Mr. Wilson about the Stage Coach Act, but he made it so interesting that I shall follow it up. But he did say that he objected to the protection of the Companies (Clauses) Act being undermined by parliamentary Bills which conflict with it. I do not know whether he has noticed (I expect he has) the opening words of the Act of 1845. We do not usually indulge in legal discussions here, and I shall hear about it from my legal adviser afterwards, for daring to embark upon this. He will say : " You attend to your own province and leave me to deal with the law." But I cannot help quoting from the first section of the Companies (Clauses) Act, 1845, where, in the usual official jargon, it says : " This Act shall apply to"—this, that, and the other—" and all the clauses and provisions of this Act, save so far as they shall be expressly varied or expected by any such Act, shall apply to the company which shall be incorporated by such Act" ; that is to say, at the very beginning of this Act it is contemplated that the Act of 1845 might in the course of a century be a little out of date and might require to be altered ; and the alterations which have proceeded have proceeded strictly in accordance with parliamentary procedure and the law of the land. I cannot take it any further than that. Mr. Wilson I think made just a reference to the proxy question. We did our best, following the agreement we made at last year's meeting, to see that, if any small stockholder did feel that he was at a disadvantage, he should feel so no longer. There was no question of law involved ; that was only a question of convenience ; so we let it be known that anybody who wished could have a stamped proxy and could alter it to his own case. Three people have applied out of some two hundred thousand, and I do not think any of those three proxies have been returned.

Mr. Wilson : Does that apply annually ?

The Chairman : Yes, we shall keep it on, certainly. They will learn in time perhaps to take advantage of it.

Sir Charles Stuart Williams, with reference to newspaper criticism, says we ought to have a comprehensive system of newspaper publicity. We are limited in the matter of giving a statement of fact, which is the only effective reply, as I have said, but we have asked the Railway Executive Committee, through our representative there—people who know our affairs there—to do its best to see that these things are kept in the public eye. Sir Charles makes a complaint against

the Management. I am prepared to look into it, to hold up both hands, and to say I have sometimes been in a waiting room which was not exactly a temple of light. I am much obliged to you for introducing the word "temple" in connection with refreshment rooms; it will make the food we get there even more appetising. But the question of light worries us a great deal, and every time we are round we try to get it improved, subject to the national conditions, and the local conditions about lighting. We are doing our best to get it put right. He will find some very ingenious devices for trapping the light at the doors; at other places we cannot achieve that owing to skylights, and things, perhaps, that are troublesome. We are always trying. We have a fresh campaign, going over the lighting arrangements for improving them, and devising means by which waiting rooms will be adequately lit. With regard to the food, I am glad to say that the Railway Executive Committee has a catering committee for all the interests involved in the Railway Executive Committee, and it is in constant touch with the Ministry of Food to see what can be done in these difficult times, times when it is extraordinarily difficult, owing to distribution and other problems, to do all that we would like to do. But I am glad he has mentioned the point, because it enables us to put it forward with more force. When we can say the overwhelming body of shareholders want more food in our refreshment rooms, it will be of help to us. As to improving the goodwill, may I say that with the hundreds of thousands of shareholders of the railways, you are the best missionaries for goodwill if you will rebut every charge you know to be false, or ask a person what his ground for criticism is, or use any of that redoubtable oilcan which all you shareholders possess, to smooth things over, you would do a great deal to protect the goodwill of your own property.

Mr. Chamberlain spoke about sleepers being taken out after nine years. We have sleepers that have been in for all kinds of ages and times and without the actual details I do not know whether that is a good performance or not; at any rate, it is as long as a piece of string, just stated like that. Regarding the "Coronation Scot," I think I put a letter in the papers to say that the Americans showed their extraordinary goodwill towards us by cabling and asking if we could exhibit the "Coronation Scot" for a second year. We felt that as it had to be refurbished, after standing out in the hot sun of the season, and that daily attendance was wanted on it for that purpose, that would have cost dollars that we felt we should not afford, and probably the Government would have resisted it, so we said we were very sorry, but it could not be done. Then they asked if we would exhibit the engine alone; it did not involve such a great expense. While we were considering that, the Eastern Railroads Conference magnificently offered to exhibit the train entirely at its own expense, which it did, and it resulted in two millions of visitors and an expansion of goodwill towards this country.

Mr. Barnabas Russell, in making some kindly remarks about our difficulty, referred to our expenditure on capital account in the last two or three years. Of course, we cannot spend much money of capital now, because the materials and labour are not available, but most of the expenditure I think I can show you that has taken place in the last two years, is the completion of pre-war schemes to effect economy in working, and it would have been false economy to have left so much capital idle and unable to do what was asked of it; we simply, so to speak, put the roof on these items of expenditure in order to enable those schemes to function. There is a most rigorous control of all this expenditure, and indeed after the expenditure, to see whether it has been justified, whether the economies have fructified and are really there, and we make an exhaustive enquiry not only before the money is spent, but also afterwards to see whether it is right. When you have an amount of money, £460,000,000 odd spent on the property, you will see that with the immense change in the centre of gravity of the country's industries and of population to new requirements under war conditions, some expenditure of some kind on various portions of it are absolutely essential; you cannot get away from it; but it is a point which we watch most carefully, and I can assure Mr. Russell that we shall indulge in no capital expenditure that is avoidable, and it will only be where it is unavoidable, or where it will enable us

to respond to the war effort, that we shall go on with it. A great many items which can be in suspense are in suspense.

Mr. Stevens was kind enough to endorse what I had said, and to add words of his own, about the behaviour and work of the staff. After working many Sundays and getting no respite, these men, perhaps, get a bit run down, and have not quite the resilience that they might have in ordinary times, and it is a nice thing to turn from having things thrown at them in the way of garbage to have the garlands. I am glad Mr. Ashley Brown also referred to their behaviour in danger, and they were indeed an example to the rest of the community.

Mr. Barry would have liked to have proposed a dividend of 4 per cent. He probably knows that it is out of order for a stockholder to recommend a higher dividend. It is always within your power to reduce the dividend at this meeting; you cannot make it more. That is a privilege you do not seem to exercise very often. With regards to the remarks about the unions and acquiescence, and so on, I cannot say very much. The matter is almost entirely out of the hands of your board. It is the Government departments and the Railway Executive Committee which are at present conducting the discussions with them, and there is very little we can do about it except to express opinions from time to time, but the actual responsibility does not rest with us.

I think that I have covered the ground of the speeches without taking up too much of your time, and so, the resolution having been proposed and seconded, I put it to you and ask you to pass it, if you will, by a show of hands.

Councillor Wilson: Mr. Chairman, the directors' fees have not yet been declared under Section 91.

The Chairman: May I deal with the resolution first? I will take you in a moment, Mr. Wilson.

The resolution was put to the meeting and carried.

The Chairman: Now, Mr. Wilson, what is your point?

Councillor Wilson: I objected to your putting the resolution until the directors' fees had been fixed or declared under Section 91 of the Companies (Clauses) Consolidation Act, 1845. They are not in the balance sheet. Section 91 reads that the stockholders at the annual general meeting must fix the directors' fees and the secretary's and auditor's salaries.

The Chairman: I am advised that that is not in order on this occasion.

Councillor Wilson: Under Section 91, I object to the balance sheet being passed, until that is declared.

The Chairman: Your objection is noted, but the balance sheet has been passed, and the objection is really not in order.

I now move the second resolution:

That final dividends for the year ended December 31 last be hereby declared (less income tax) as follows:—

£2 per cent. upon the 4 per cent. guaranteed stock.

£2 per cent. upon the 4 per cent. preference stock.

£2 10s. per cent. upon the 5 per cent. redeemable preference stock (1955).

£2 per cent. upon the 4 per cent. preference stock (1923), and a dividend for the year of:

£1 10s. per cent. upon the ordinary stock.

Sir Thomas Royden: Mr. Chairman, I beg to second the resolution.

The resolution was carried.

The Chairman: My third resolution is that, in accordance with the notice in the report, Sir Alan Garrett Anderson, G.B.E., Sir Ian Frederick Cheney Bolton, Bart., D.L., Sir Robert Abraham Burrows, Sir Ralph George Campbell Glyn, Bart., M.C., D.L., M.P., Sir Robert Blyth Greig, M.C., LL.D., D.Sc., General The Hon. Sir Herbert Alexander Lawrence, G.C.B., D.C.L., LL.D., Sir Thomas Royden, Bart., C.H., The Rt. Hon. Viscount Runciman of Doxford, P.C., D.C.L., LL.D., be, and they are hereby, re-elected directors of the company.

Mr. A. E. Pullar: I have great pleasure in seconding that.

Councillor Wilson: While you are speaking on the resolution, I object to that being put *en bloc*. I am entitled, and the stockholders are entitled under the Act to say that they must be elected singly. With all due respect to every director, and to those people who are getting old, there is a time when we become extinct volcanoes and ought to retire. Mr. Chairman, I request that each of these men should be put individually. I object to every man who is going to be elected today of seventy and over.

The Chairman : We have always put the resolution in this comprehensive form, which you have regarded as convenient, and you have passed it, but you are quite within your rights, if you so wish, to have each name put separately. I will ask : Do you want the names put separately ? (Yes) . . . You want them separately ? All right. I propose Sir Alan Garrett Anderson.

Mr. A. E. Pullar : I beg to second that.

The resolution was put to the meeting and carried.

The Chairman : Sir Ian Frederick Cheney Bolton.

Mr. A. E. Pullar : I beg to second that.

The resolution was put to the meeting and carried.

The Chairman : Sir Robert Abraham Burrows.

Mr. A. E. Pullar : I beg to second that.

The resolution was put to the meeting and carried.

The Chairman : Sir Ralph George Campbell Glyn.

Mr. A. E. Pullar : I beg to second that.

Councillor Wilson : I support it; he is only the same age as I am, and I can still fight. He was born on March 3, 1885.

The resolution was put to the meeting and carried.

The Chairman : You seem to be all right, Sir Ralph ! Sir Robert Blyth Greig.

Mr. A. E. Pullar : I beg to second that.

Councillor Wilson : That gentleman was born March 23, 1874, and by the time he has done his three years he will be over seventy years of age. I am going to oppose that, because I intend opposing every director over seventy.

The resolution was put to the meeting and carried.

The Chairman : General The Hon. Sir Herbert Alexander Lawrence.

Mr. A. E. Pullar : I beg to second that.

Councillor Wilson : Mr. Chairman, Sir Alexander Lawrence was born on August 8, 1864. I congratulate this gentleman on being in a wonderful state of preservation, and I hope I am in as good condition at that age ; but I would like him to give a younger man a chance.

The Chairman : If you have read the report you will see that Sir Herbert Lawrence did not offer himself for re-election, but at the unanimous request of the board at this particular time, having regard to his great experience, he is invaluable to us and we therefore requested him to offer himself. He consented reluctantly on the understanding that when the present financial emergencies are over, upon which he can so wisely advise us, he would be allowed to retire. Therefore there is no question of him taking action ; it is a question of your whole board advising you that Sir Herbert Lawrence has the most unrivalled knowledge of our financial affairs which will be of the greatest assistance to us at the present juncture. At any rate he is young enough to be in full command of a very great business in the City himself. He is not just hanging on here, and he does us a very great service in acceding to our request. I would therefore ask you to vote for his re-election.

The resolution was put to the meeting and carried.

The Chairman : Sir Thomas Royden.

Mr. A. E. Pullar : I beg to second that.

Councillor Wilson : This gentleman was born on May 21, 1871 ; he will be over seventy years of age.

The resolution was put to the meeting and carried.

The Chairman : Viscount Runciman.

Mr. A. E. Pullar : I beg to second that.

Councillor Wilson : Against : Over seventy.

The resolution was put to the meeting and carried.

Mr. W. J. Stevens : I move that Frederic Ditchfield Morris, Esq., be, and he is hereby, re-elected as Auditor of the accounts of the company.

Sir Charles Stuart Williams : I second that.

The resolution was put to the meeting and carried.

Mr. Leslie Boyce, M.P. : My Lords, Ladies and Gentlemen, before we disperse I am sure it will be the general wish of the stockholders present today to accord not only a very hearty vote of thanks to the Chairman for his intensely interesting address, and the way he has conducted this meeting, but also a vote of thanks to him as the President of the company, and to the board and to the staff, for the very admirable way in which they have striven to serve our interests during the past year. I would ask you to carry that with acclamation.

The resolution, having been duly seconded, was put to the meeting and carried with acclamation.

The Chairman : Thank you, Mr. Leslie Boyce, and all of you for that vote of confidence. We shall be very glad to pass on your remarks to the staff.

The proceedings then terminated.

SPECIAL GENERAL (WHARNCLIFFE) MEETING

A special general meeting of the London Midland & Scottish Railway Company was held at Euston station, London, N.W.1, on March 11, Lord Stamp, Chairman of the company, presiding.

The Secretary (Mr. G. Royde Smith), having read the notice convening the meeting,

The Chairman said : Ladies and Gentlemen, this meeting is held in accordance with the Standing Orders of Parliament to submit for your approval the Bill which is being promoted by the company. The Bill has two main purposes.

The first of these is to enable the company to abandon portions of the Manchester, Bolton & Bury Canal. This canal was authorised by Parliament in the year 1790, but its usefulness was largely diminished when, in the year 1831, the canal company was authorised to construct a railway serving the same area. The canal was nevertheless found to be useful for many years for local traffic consisting mainly of coal produced by collieries adjoining the canal. This traffic steadily declined until, in the year 1928, there was a net loss on the operation of the canal. This deficit continued and increased until, in the year 1935, the annual loss on the canal had reached an average of approximately £6,000. In 1936 two serious breaches occurred in the banks of the central portion of the canal and put it out of use. The cost of repairing these breaches and restoring the canal was estimated at £86,000. It was found on investigation that the central portion of the canal and also the Bolton branch could be permanently closed without the loss of more than a small proportion of the traffic using the canal.

An application to the Minister of Transport for abandonment powers was authorised by the proprietors at a special general meeting held on March 2, 1937, but, in order to overcome difficulties of procedure which have arisen on applications to the Minister, it is now proposed to seek the necessary authority from Parliament.

The second of the two main purposes for which the Bill is promoted is to secure certain amendments of the superannuation scheme for salaried staff. The scheme was instituted by the London Midland & Scottish Railway (Superannuation Fund) Act, 1924. The rates of contribution by the staff, as fixed by the Act of 1924, have been found to be insufficient to support the benefits provided by the scheme. The result has been that the company, in addition to contributing the same amount as the staff, has found it necessary to make further substantial contributions in order to ensure the solvency of the fund as required by the Act of 1924. It is, therefore, proposed to make a general increase in contributions amounting to 1½ per cent. of salary except by those members who have joined the fund since 1934, their contributions being fixed at higher rates by the Company's Act of 1935. Negotiations have taken place with the staff representatives on the committee of the fund and with the railway unions and it is as a result of these negotiations that the Bill is now promoted by the company.

The Bill also authorises the company and the Midland & Great Northern Joint Committee to acquire lands in various places for the purposes of the railway.

Before putting a resolution to the meeting, I shall be pleased to answer any questions relating to the Bill.

No questions relating to the Bill having been asked, the Chairman put the resolution : That the Bill now submitted entitled "A Bill to empower the London Midland & Scottish Railway Company to acquire lands; to amend the London Midland & Scottish Railway Superannuation Scheme; to authorise the Midland & Great Northern Railways Joint Committee to acquire lands; and for other purposes" be and the same is hereby approved subject to such amendments or alterations as may be made therein by Parliament and assented to by the directors.

Lord Wigram seconded the resolution, which was then put to the meeting and carried.

LONDON & NORTH EASTERN RAILWAY COMPANY

Chairman answers railway critics—Policy settled by Government—Increased labour costs—Rising wages and inflation—Financial agreement and war damage—Machinery for adjusting charges—Proposals before Minister—Need for co-ordination of all transport

The annual general meeting of the London & North Eastern Railway Company was held at Grosvenor House, Park Lane, London, W., on Friday, March 7, 1941, Sir Ronald W. Matthews, Chairman of the company, presiding.

The Secretary (Mr. P. J. Dowsett), having read the notice convening the meeting,

The Chairman said : My Lords, ladies and gentlemen, It is with profound regret that I have to report to you the grave loss that our company has sustained by the sudden death, on December 6, 1940, of Lord Abertay, better known to us all as Sir Charles Barrie. Lord Abertay joined the board in 1924, and was appointed Chairman of the Steamships Committee in June, 1931. To that important post he brought a wide experience of all matters pertaining to the shipping industry, and it is impossible to overestimate the value of the services he rendered to the company. In his place, as you will see from the report, we have had the good fortune to secure Mr. Alexander Erskine-Hill, King's Counsel and Member of Parliament for North Edinburgh, whose Parliamentary experience and legal knowledge will be of the greatest help to the company in dealing with the many difficult problems which are bound to arise within the next few years.

My predecessor, Mr. Whitelaw, some years ago introduced the admirable custom of circulating to the stockholders with the accounts a comprehensive review of the company's business. It is with regret that your directors have had, on this occasion, owing to circumstances outside their control, to depart from this practice, but you will I am sure appreciate that details which in peace time are perhaps of interest only to our stockholders, may, under existing conditions, convey to the enemy information of a highly important nature in regard to transport conditions in this country. It is accordingly not permissible to lift more than the smallest corner of the veil which must perchance shroud the operations of your undertaking during the whole of last year—and this is the more regrettable because, both in Parliament and in certain organs of the Press, statements have been made which might lead the uninformed public to believe that the whole of the country's war effort was being held up owing to the chaotic conditions prevailing on the railways. Nothing, of course, could be further from the truth, but in times when the company's servants, from the highest to the lowest, are doing everything in their power to maintain, often at great personal risk, the flow of traffic, one does resent most deeply the so-called "amazing disclosures" which on examination proved to be nothing more than trivial complaints that passenger trains were running less punctually than before the war. Every effort is being made to meet the convenience of the travelling public, but it should be obvious that, in time of war, the ordinary passenger cannot expect the high standards of peacetime travel, and that precedence must be given to the movement of troops and supplies, while due allowance must be made for delays inseparable from air raid warnings and blackout conditions. It is not difficult to fathom the motives of those who are attempting to saddle the boards with responsibility for all the troubles they allege to exist, ignoring the fact that railway policy from the outbreak of war has been settled by the Government and that, in their eagerness to make a case for nationalisation, they are, in fact, condemning the system they are out to praise. When the veil can be lifted, it will be seen that the great railway undertakings both as regards personnel and equipment, have stood up successfully to the testing conditions of wartime operation.

Wage Advances to Staff

Railway staff at the beginning of 1940 was in receipt of a war advance, salaried staff in receipt of salaries up to £350 per annum at the rate of £10 per annum, conciliation staff at the rate of 4s. a week and in the case of railway shopmen 5s. a week. From June, following negotiations between the

trade unions and the Railway Executive Committee, acting on behalf of the Government, these war advances were increased to £18 per annum in the case of salaried staff in receipt of salaries up to £500 per annum, 7s. a week for conciliation staff, and 8s. a week for railway shopmen. Towards the end of the year the trade unions submitted claims for a further increase of 10s. a week in the war advances and at the present time these claims are the subject of negotiation. The trade unions have had an interview with the Minister of Transport on the matter.

It may not be inappropriate, at this stage, to make some observations on the subject of wages generally. When I had the honour to address you last year I made it clear that applications for increases of wages are, during the period of control, dealt with by the Railway Executive Committee on behalf of the Government, and that, in consequence, the boards have no say in the matter. What I am about to say must not be taken as having reference to railwaymen's wages only. Indeed, I associate myself wholeheartedly with the recent statement in the *Railway Stockholder* that, if the Government policy of increasing wages is to continue, "no body of workers deserves generous treatment more than railway employees." But there is, throughout the country, a growing anxiety in regard to the present drift towards inflation, and the failure of the Government to exercise any general control over wages rates. The inevitable result has been, apart from substantial increases in production costs, that wide discrepancies have appeared between wages paid in different industries, often situated in the same area and making on the workers engaged therein equal demands of skill and risk. Even more serious is the growing gap between the wages paid to those in civilian industry and members of the armed forces. The adoption of what is known as the "time and lime" basis in a high proportion of Government contracts is undoubtedly a contributory factor to the increase in wages rates generally. It is difficult, in the circumstances, to accept with comfort the recent assurance of the Lord Chancellor that inflation is being avoided by "every conceivable means." The pegging of the cost of living figure by wider measures of price control and the halting of wages at their present levels would seem to be "conceivable means" of avoiding further inflation which should be adopted at once if the operation of the vicious spiral is to be checked in time.

At the end of 1940 approximately 15,000 of the company's staff were serving with H.M. Forces or giving full-time service in Civil Defence organisations. Regular staff so serving whose civil pay is in excess of their service pay and allowances are being granted an amount equal to the difference between their civil pay and service pay and allowances. I have referred already to the hazards to which many of the company's servants have been, and must be, exposed in the execution of their duties. The behaviour of all grades in the face of enemy action has been beyond praise, and many cases of personal heroism and devotion to duty have been brought to the notice of the directors. It will be a matter of gratification to stockholders to learn that the George Medal is being awarded to four members of the company's staff.

Financial Arrangements

In the course of my remarks when addressing you last year, I referred in some detail to the financial arrangements with regard to the terms upon which the companies are to be recompensed for the use of their undertakings by the Minister of Transport in the exercise of his control under the Railway Control Order, 1939. I gave you an historical account of the negotiations with the Government leading up to these financial arrangements and I summarised for you those arrangements which were set out in the White Paper (Cmd. 6168) issued by the Government on February 7 last year.

You will not, I am sure, desire me to traverse the same

ground in my remarks to you this year, but you will, I think, expect from me some account of the present position under the financial arrangements so concluded. As I stated last year, the White Paper set out only in general terms these arrangements, leaving the various details to be recorded in some formal document to be exchanged between the controlled undertakings and the Minister. As will be appreciated, the actual drafting of this document occupied the attention of the advisers of the parties for some considerable time, but there is now in draft before the parties a formal agreement embodying the financial arrangements in full detail.

War Damage Restoration

You will recollect that one of the terms agreed provides that the total amount for restoring war damage which may be charged to pooled revenue expenditure and thus passed through the control account shall be limited to £10 millions in any one year and if the cost exceeds this amount the excess is to be borne by the companies and the London Passenger Transport Board, subject to any general compensation which the Government may ultimately agree to pay in respect of all war damage throughout the country. The draft agreement to which I have referred gives effect to this arrangement and in substance provides, in accordance with the intention of the parties, that the cost of restoring war damage within the above-mentioned limit of £10 millions in any year chargeable to the pool account shall be spread equally over 13 four-weekly periods commencing with the four-weekly period in which the damage was suffered. The Government, however, has now introduced, as you will all be aware, a War Damage Bill dealing with the question of compensation for war damage on a national basis and although the fixed assets of public utility companies including the railways are specifically excluded from the Bill, it is understood that legislation on similar lines to cover such undertakings will shortly be introduced. In consequence the Government has intimated that in its view some revision of the agreement will be necessary. For their part, the main-line companies and the London Passenger Transport Board have informed the Government that since the Government is now dealing with war damage nationally, this is a matter which may be considered as a major cause entitling the Government to propose to the other parties to the agreement some revision (I would here mention that the White Paper and the agreement provide for a negotiated revision after the end of the year 1940 for any cause of a major character) and that accordingly the main-line companies and the L.P.T.B. are willing to negotiate a revision of the agreement for the future on the understanding that no revision shall be made to the prejudice of the controlled undertakings or place them in a more unfavourable position than under the existing Agreement. Upon this the Government agreed that the financial accounts of the railway companies and the L.P.T.B. for the year ended December 31, 1940, should be closed, as in fact they have been, on the basis of the draft agreement and we are now awaiting the Government's suggestions or proposals for some revision of the agreement.

Results of Year's Operations

By reason of the Government control of railways and the financial arrangements under the draft Agreement providing for the earnings of the controlled railways and the L.P.T.B. to be pooled, no comparable figures of gross receipts of individual companies in respect of the various categories of traffic are available for the past year. I must therefore deal with the figures in broad outline. The net revenue of the controlled undertakings and the L.P.T.B. for the year 1940 was estimated to be £42,763,000, which sum exceeds the guaranteed net revenue under the financial arrangements with the Government by approximately £2,913,000. The gross receipts of the controlled railway companies in respect of railway working and of the L.P.T.B. in respect of railway working and road services were £41,707,000 above those of 1939, whilst the relative expenditure increased by £34,876,000. The increase in passenger receipts amounted to £2,237,000; freight receipts £38,448,000; and in miscellaneous receipts £1,022,000. Other items included in the net revenue of the pool show a decrease of £4,406,000.

Of the estimated total net revenue of £42,763,000 accruing to the pool, the London & North Eastern Railway proportion

amounts to £9,864,000, which, together with the net results of transactions not coming within the scope of the pool, gives a total of £10,351,000, an increase compared with the year 1939 of £1,080,000. The balance brought forward from the previous year was £83,000, making the total sum available for distribution £10,434,000.

After providing for all fixed charges and the payment in full of the dividends on the guaranteed stocks, there remains a sum of £3,787,000 out of which the directors propose, in view of the uncertainties of the present position, to transfer £250,000 to the reserve for contingencies. The balance admits of the payment in full of the dividends on the 4 per cent. first preference stock and the 5 per cent. redeemable stock (1955), and a dividend of 2 per cent. actual on the 4 per cent. second preference stock, leaving a balance of £85,000 to be carried forward.

Adjustment of Charges to Costs

You will remember that in my remarks last year I informed you that machinery was being devised to give effect to the agreed arrangement for the adjustment of charges to meet variations in working costs and certain other conditions arising from the war and that such machinery would replace that of the Railways Act, 1921 by which charges are adjusted so as to yield so far as practicable the standard revenue of each amalgamated company. Agreement was reached with the Minister of Transport upon the details of this new machinery and under it the Minister by The Railways (Additional Charges) Order, 1940, of April 17, 1940, authorised the main-line companies and the L.P.T.B. to make additional rail charges equal in general to 10 per cent. of the existing charges, and by a later Order, The Railways (Additional Charges) No. 4 Order, 1940 of November 23, 1940, the Minister authorised in effect the substitution of 16 $\frac{2}{3}$ per cent. for the 10 per cent. addition authorised by the first-mentioned Order, excepting, however, so far as the main-line companies are concerned, season and workmen's tickets. The additional charge of 10 per cent. authorised under the first Order was imposed on May 1 last and the substitution of the 16 $\frac{2}{3}$ per cent. authorised under the last-mentioned Order was imposed on December 1 last.

As there has been some misconception in the minds of some of the public as to the procedure by which charges are to be adjusted, it would be as well, I think, if I were to state briefly the machinery agreed with the Minister, which is as follow:—

(1) The jurisdiction of the Railway Rates Tribunal in regard to the general level of charges is suspended during the period of control, but instead the Minister is to adjust charges to meet variations in working costs and other conditions arising from the war.

(2) The Railway Executive Committee is to estimate quarterly the variations in working costs and other conditions, etc. and is to submit to the Minister its estimates. If the Railway Executive Committee considers that the sum involved is sufficient to justify an increase in charges, it is to submit to the Minister its proposals for such increase.

(3) The Minister then is to examine both the estimates and proposals and, unless he thinks that course unnecessary, he is to seek the advice of a consultative committee as to the increase to be made to adjust the charges in accordance with the agreement with the Minister.

(4) If the Minister refers the matter to the consultative committee, it is to be informed of the sum to be raised and of the proposals of the Railway Executive Committee and it is to advise the Minister what is, in its opinion, the best method of increasing charges to produce the requisite sum. The consultative committee is not to hold an inquiry unless the Minister so indicates.

(5) After considering all the circumstances, including the advice of the consultative committee if the matter has been referred to it, the Minister is, by Order, to authorise such increase as is appropriate to adjust charges accordingly.

I might perhaps add that the Minister forwarded to the Railway Executive Committee a statement of the machinery agreed and directed that committee to proceed in accordance with the agreed machinery.

I wish to emphasise particularly the following points in connection with the agreement made with the Minister under this head. In the first place, there is a definite agreement and undertaking by the Minister to adjust charges to meet

variations in working costs and other conditions arising from the war. In the second place, the Railway Executive Committee is charged with the double duty of estimating quarterly the variations in costs and of making its proposals for an increase in charges. It is thus to be noted that the application to increase charges is not made by the railway companies *per se*, but the proposals for an increase in charges are initiated by the Railway Executive Committee who is the Agent of the Minister and as such is, by its advice, aiding him in the performance of his duty to increase charges in accordance with his agreement with the main-line railway companies and the L.P.T.B. I have thought it right to draw attention to this latter point as certainly some of the parties who have attended at the hearings before the consultative committee on certain of the proposals to increase charges have misapprehended the position and have approached the inquiry as if it were an application by the railway companies to increase charges.

Although there is, as I have explained, a duty on the Minister to adjust charges to meet variations in costs, the actual adjustments authorised by the several Orders of the Minister have failed to bridge the gap and there is a substantial lag which will have to be overtaken. No adjustment, as yet, has been made in respect of the cost of meeting war damage, but quite apart from this factor, there is a substantial deficit arising from other increased costs. As, however, further proposals are before the Minister for the adjustment of charges and as the whole question of war damage is to be the subject of further discussion with the Minister, I feel it is undesirable to develop this matter further in my remarks today.

Auditors' Fees

You will have noted from the report of the proceedings of the audit committee set out at the foot of the report of the directors that the committee recommend that, in view of the increased cost and extra work involved, the fee of the auditors for the year 1941 be £5,500. As you will be aware, the remuneration of the auditors must be determined by the company in general meeting, and I would remind you that at the first ordinary meeting of the proprietors held on March 14, 1924, the remuneration of the auditors was fixed at £2,500, and it has remained at that figure up to today. The auditors, however, have made representations upon the subject of their fees and they state that even before the war the figure of £2,500 did not cover the cost of the work connected with the audit, while since September, 1939, owing to the Government control of the railways and war conditions, there has been a large increase both in work and in the cost of the work. The auditors have asked, therefore, that their joint fee should be increased as from January 1, 1940, and have indicated they would accept a figure of £4,000 per annum. In all the circumstances, the Audit Committee considers this to be a reasonable fee, but as the company's Chief Legal Adviser has advised that it is not open to the proprietors to fix a fee retrospectively so as to cover the year 1940, the Audit Committee has accordingly recommended that the fee for this year should be determined at the figure of £5,500. If you accept this recommendation of the Audit Committee, the fee of £5,500 will, of course, only stand for this year (1941) and, if you think proper, at next year's meeting you can determine the remuneration at the figure of £4,000. I think in all the circumstances you will probably regard the recommendation of the Audit Committee as reasonable and one to be adopted.

There are, I realise, many unavoidable gaps in the story of the year under review which, when they can be filled, will make a stirring page of railway history. The energies of everyone of us are bent to the one essential end: the winning of the war as speedily as possible, and the freeing, once and for all, of the peoples of Europe from the brutal pressure of the German heel. That is our immediate objective, but when it is reached, the country must be ready at once to resume consideration of the many vital problems which remained unsolved at the outbreak of war. One of the most important of these, from whatever angle we regard it, that of the trader, the employee, the stockholder, or the common or garden taxpayer, is the future organisation of the country's transport services. In an ideal transport organisation (and the country

can do with nothing less in the difficult post war period of industrial and social reconstruction) rail, road, sea, air, and inland waterway each will have its contribution to make, its part to play. It is my earnest hope that the Government will at the appropriate time—and I feel that time is very near, if indeed it is not already here—set up a National Transport Committee, fully representative of every interest concerned, whose duty it shall be to knit the transport facilities of the nation into a closely co-ordinated whole. I venture to suggest that in the formulation of a national transport policy there are three basic principles that must be observed.

First, no one form of transport should be subject to restrictions and regulations which are not common to all other forms.

Secondly, each form of transport should, as far as possible, carry the traffic for which it is best adapted and which it can handle most economically.

Thirdly, there should be a fair and reasonable return on the investment.

It is essential, for the development of the nation's trade, that the transport services should not exploit the trader. It is equally important that the trader should not exploit the transport services. What is needed is, in fact, a square deal all round.

I now beg to move that the report of the directors with relative statement of accounts for the year ended December 31, 1940, be received and adopted.

I will ask the Deputy Chairman to second that.

Sir Murrough Wilson: I beg to second the resolution.

The Chairraan: Are there any questions that any stockholder would like to ask, or is there any observation that he or she would like to make?

Shareholders' Remarks

Mr. W. P. Taylor: I would like to thank you, sir, for the very interesting speech to which we have just listened and, especially, for some of the general principles which you enunciated as being necessary if justice was to be done to the stockholders, towards the latter part of your speech. There is one question which I should like to put to you. At a meeting of a great railway company which I have been attending this morning it came out (actually it was stated very much earlier) that, whereas the nominal issued capital of the company amounted to £460 millions, its replacement value was £760 millions, which is a clear increase of 65 per cent. Now sir, perhaps when you come to reply you will be good enough to inform us, first of all, what is the present amount of the issued capital of this company, and, secondly, give us some, at any rate, rough estimate, of what its true replacement value is. I take it that had it been necessary to reconstruct the whole company, buy the land, make the line, put up the buildings, buy the rolling stock, and secure all the other assets of the company three or four years ago, in all probability the sum of money required for that purpose would be vastly in excess of its present nominal capital. I think the application of this is a simple and practical one. If people take shares in any ordinary commercial company which is efficiently managed, they look at the present time, or at least in ordinary times, to receive a remuneration of 4, 5, 6, or even more, per cent. on their capital, and if owing to the placing of large sums to reserve over a large number of years, and therefore a greatly increased value in the real assets of the company, the dividend which is paid to the shareholders is not just a small 4 per cent., or something like that on the original nominal capital, but it is a reasonable percentage on the asset capital, I think, sir, that in any settlement with the Government in the future on whatsoever basis it may be, it is not just the nominal capital of the company which should be considered, but the actual value of the whole of its assets. I think all questions of the market value of the shares during the past few years should be definitely excluded from any such consideration or argument. The market value of the shares of the great railway companies does not depend upon the intrinsic value of the property they hold; it is determined very largely by two other factors. Firstly, a great deal of old legislation which has been very unfair to the railway companies and very favourable to their road rivals; and, secondly, the naturally very pessimistic outlook which

holders of ordinary stock have taken of their holding in consequence. I would like to make this further point, that if, as I expect you will inform us, the present asset value of the capital of the company is greatly in excess of its nominal capital, that is probably, in some measure at least, due to the fact that money which might have been justly distributed in the form of dividends to the stockholders has actually been utilised to extend the plant of the company. I hope that you, sir, and your colleagues in any future negotiations with the Government will lay very great stress on the consideration that I have tried to put before you. If I might just make one short remark to my fellow stockholders, it is that we should support the board at the present time and not worry them about details; that we should write to our Members of Parliament when there seems to be a possibility of the railways being treated very unfairly in comparison with other forms of commercial enterprise, and I think possibly I might be allowed to add that we should, all of us, send 5s. a year to that very excellent body, the Railway Stockholders' Union.

Mr. John Miller: Mr. Chairman, I would like, first of all, to congratulate my Lords and Gentlemen on giving us this 2 per cent. on the second preference 4 per cent. I hope you will be spared to continue the good work, and that it will come down to the ordinary shareholders in due course. We never see a Scotsman without a grouse, and I would not come here without one, but unfortunately the grouse comes from an Englishman this time and it is about tea. If it is a Scotsman it is generally about whisky. I would like to point out that he complains about what he calls "washy" tea at one particular station. I do not wish to mention the name of the station; I can give you that privately, if you like. It is what the troops call "canteen" tea. I do not know if you have ever drunk it or not, Mr. Chairman, but the boys do not care for it. Coming down South here, I had tea in the afternoon in the train and I thought the tea was jolly good. I think we should try, as far as we are able, to maintain that standard, because, after all, we all like to be fed well and to grow on the feeding. I think if you could establish yourselves with the public in giving them a very good three-course luncheon, it would be very desirable. For instance, if you would allow me to bring in Glasgow, we can get a three-course 1s. 3d. luncheon. We have two choices of soup, and you can get potatoes and other vegetables and a bit of roast beef.

A Stockholder: Will you tell that to Hitler?

Mr. John Miller: Hitler would faint away if he heard that. Then again, we have a choice of three sweets. I do not suggest you can do that, because of course your overhead charges are much greater, but that is the case in Glasgow; it is well done, and altogether it is very nice. With regard to the increase of rates, it seems quite clear to me that it will not do, and the public will not stand railway rates going up, to give further increase of wages. That is the point. We always increased the rates to meet the demands of the unions. The whole thing, in fact, is a vicious circle, leading inevitably to inflation. I do not think that that can be disputed. The general public say that the railways are making large profits, and it has not been made so clear as it should be that the shareholders are getting nothing out of it. For instance, the standard dividend on the ordinary stock of the London Midland & Scottish is, I think, 7½ per cent., roughly equivalent to the pre-last-war dividends of their constituent companies, and their dividend this year on the ordinary stock is only £1 10s. per cent. The Great Western standard dividend on ordinary stock is 8 per cent., and this year it is 4 per cent. The standard dividend on the ordinary stock of the London & North Eastern is, I think, 5 per cent.; this year it is nil, and only a dividend of 2 per cent. on the 4 per cent. second preference stock. It is clear, therefore, that the advantage in increased revenue is going to the men, and further that they are taking advantage of the clause in the agreement whereby charging powers are to be increased to meet increased expenditure, by continual claims for increased wages. At the same time, I think tribute must be paid to the splendid way in which the railwaymen are working, but it is not right that the war should be used by them for greatly increased wages, while other people are undergoing financial, as well as other sacrifices.

Now I quite agree with what the Chairman has said. The men are doing their duty, and they are taking risks, just the

same as we are taking risks; you and I are taking risks. I think that is agreed to by everybody. One thing that is always exercising my mind is this, that when the war finished (I remember the last time) we may be left with the baby to hold. You tell us there is going to be some talk over the matter; but if we are left with those high rates, and road transport is not controlled and comes in, where are we going to land? Redundancy will apply to the men. You cannot keep your overhead charges running; you must reduce somewhere. But, sir, you have struck a good thing when you say "the co-ordination of all transport." I hope that will work. I am not so keen on nationalisation. But, in any case, let us have co-ordination so that there will be a fair and just square deal that we talked about before the war. I know you have a big job in front of you to solve when that comes along, and I am very pleased to see you looking so well under all the circumstances. Your predecessor, on a previous occasion, said: "It is one thing and it is easy to increase salaries and wages. It is another thing to ask for a decrease."

Councillor Wilson: Mr. Chairman, my Lords, Ladies and Gentlemen: I wish very much to endorse what Mr. Miller, from Scotland, has just said. Our chairman is a worthy successor to his predecessor, and I fully endorse those remarks with regard to co-ordination. If it had not been for our fathers and our grandfathers investing their money in railways, there would not have been any railways at all; it is a public service of national importance. I feel that we have had no control over the class of goods we carry, or the price we get for their transport, as it has been understood for many years that our competitors are not common carriers, and that has been the cause of this company, and many others, losing vast sums. You have seen £100,000 of Preference stock come down to about £3 through no fault of your own. But, Mr. Chairman, I want our legal advisers to look up the statute, the first year of William the Fourth, Chapter 68. That was when the stage coach companies took action against the railway companies which were just starting off, that railways should be common carriers. It says in that Act particularly: The stage coach, wagons and the like, plying for hire on the King's highway are common carriers. I cannot see the difference now, except that they have changed horseflesh for combustion engines. I do want our legal section to look into that Act, Mr. Chairman. Then, again, by the Act of 1844, which has not been repealed either, you have permission by that statute to increase your rates and to pay a reasonable return on your investments. I think you will find it says 6 per cent. I want these points to be gone into very carefully before the Government consider taking over the railways. There is no question, in my estimation, that the Government will be compelled to take over a public service of national importance. I feel that we will or ought to get, and I think our Chairman and the directors of the company will see to that, a fair deal, and what I call a fair deal is this; we are entitled, at least, to the same rate of dividend as those people who invested their money in war stock. If the Government wishes to nationalise the railways and run them for the benefit of the country in the future, we have to bear certain things in mind. Take the farmer, for instance. He wants time. He cannot pay the carriage in advance, and the company cannot grant him the freight. It is only the Government which can bring the land back to what it was a hundred years ago. I think, Mr. Chairman, that in the nationalisation scheme what will be fair will be to say, without the Government floating a loan: "We will give to you 3 per cent. on the actual money you have invested, and not on the amount of stock." Therefore, if a man's great-grandfather had £100 which he invested in a public service and of which, after that, he had not control, he is entitled to 3 per cent. on that £100; but take the speculation and gambling element out of it. If a man pays £2 10s. for £100 of stock, he is not entitled to more than 3 per cent. on nationalisation on his £2 10s. Therefore, the Government would take over the railways without a loan by giving scrip for the amount of money actually invested, and not only the amount of stock it represents. Therefore, the Government would take over the railways at about two-thirds of their actual capital valuation. Mr. Chairman, I have only made these remarks because I know the time is coming when we want your help and assistance to see that we, at least, get a "Square Deal."

Mr. Archer: Can you tell me, Sir, who drew up such an

unfair, potential dividend table as the present one, which allows the Government to come in before the London & North Eastern Railway preferred ordinary has got a cent, let alone the deferred ordinary? As you are no doubt aware, the military already travel at a reduced rate. If the Government alter the agreement, can it be the same as in the last war, £50 millions, which appeared quite fair to all? Another thing: Why do you object to any railway subsidy? Most other businesses, including the farmers, get one. At present, the London & North Eastern Railway, from the second preference to the deferred ordinary, are subsidising the Government by lending their capital free of interest. With reference to the railway unions' claim for a 10s. cost of living bonus, it is time these men were told that if they know a better hole to go to it. What has increased since the last rise to warrant any more? Referring to the agreement, I notice that on the London & North Eastern share the Government took £1,000,000 out and neither the preferred ordinary nor the deferred ordinary got a cent. That is in Section 3. Then, in the next, they get 4·7; the preferred will get 0·6 per cent.; in the next they get 7·8. The poor old deferred have not got anything yet, you will notice, and it is not until the Government is coming in for 11½ millions that they get 1·7. Surely, we could make a different agreement from this! I could, if you will give me five-and-twenty minutes.

Mr. Hearne: I should like to ask the reason for the large increase in the outstanding traffic accounts, which have nearly doubled. Is that for ordinary traders, or is it the result of Government delay in settling their accounts?

Mr. Sheirwater: Mr. Chairman, did I understand you to say that when you made these new agreements with the Government, they would certainly be not less favourable than the agreements already standing? because if that is so, I am afraid that the market must be taking an entirely different view, otherwise you can hardly see, with improved results and increased dividends, why the shares should be falling so badly on the market.

Mrs. Alexander: What I want to know about very earnestly is the registration or the nationalisation of the railways; because it seems to me that the Government have nationalised or registered food products like onions, and eggs, and they have disappeared off the face of the earth, and therefore I am terribly afraid that our railway dividends, if the Government have any handling of them, will also disappear like the onions and the eggs. Also, of course, we all know that the labourer is worthy of his hire and we want the auditors to have an increased amount, because obviously £2,500 was not a sufficient income for the work which they did; but at this time when so many of us are not getting any dividends on the junior stocks, why should anyone else get an increase? If the labourer is worthy of his hire, so is the shareholder's money, and I think we should have that considered before either wages are raised or larger amounts paid for any service rendered by any official.

The Chairman's reply

The Chairman: My Lords, Ladies and Gentlemen, you have in one sense at any rate given me a much easier task this year than last year, in that I have a very much smaller number of shareholders' queries to deal with, but I am not at all sure that taking it all round the task is not rather more difficult, because some of the questions are perhaps not quite so easy to answer as they were last year. But with due regard of course to what one is allowed to say on these occasions in present circumstances, I will certainly do my best to deal with the various points which have been raised. Mr. Taylor in the course of a very interesting and helpful speech raised a question with regard to the replacement value of the company's property. He asked me two questions: First of all, what was the actual capital of the company to-day, and secondly, what we estimated the replacement value would be. The first part of that is quite easy: the capital is £376,800,000. The replacement value of a company with an undertaking such as ours at the present time I should say was quite impossible to estimate. I can give you a figure, but how near that figure might be to the actual mark, I do not know. It seems to me really, speaking as a business man and not as an economist, that one ought really to look at the value of this undertaking, in any negotiations with the Government, from the point of view to

a very large extent of its value as a going concern. There are of course a lot of the assets of this company which have increased in value very materially indeed; there are others, which have probably decreased in value; and to strike a balance between those at a moment's notice I am afraid is quite beyond my capacity. But if you like to take 70 per cent. as a reasonable figure for the increase in the value of the assets to-day, then I will give you the figure of £613,000,000. Please do not for a moment suggest that is the figure that I place on the undertaking at the present time, because I am certain that you will realise how very unwise it would be for me, as a potential negotiator with the Government, to have any definite figure attached to my name as my own opinion before I go into those negotiations.

May I, on your behalf as well as on my own, thank Mr. Miller for the usual breezy speech which he gave us this afternoon. I am sorry tea was not quite up to standard in Scotland apparently. That is not my experience of railway tea, which I always find is too strong for anybody at all to drink. At any rate, a careful note has been made of that complaint, Mr. Miller, and we shall do what we can to average it out. With regard to the more serious matters which Mr. Miller raised, I did, as you will have noticed, deal in the course of my speech with the question of wages. Admittedly I dealt with it as briefly as I hoped was justified in a speech of this nature, because in dealing with a question outside actual railway matters one must not take up too much time of the meeting, but when you read, as I hope you will read, my speech tomorrow you will realise that it is in the minds of a great many of us that the present policy of the Government is by no means a satisfactory one, and that these continual increases in wages and increases in the cost of living, whichever is responsible for the other—I would not like to commit myself too deeply in regard to that—is something which if it is not checked will result in a great deal of misery, and in fact, much more than that, in financial wreck to a large section of the population of this country, apart from any repercussions that there may be after the war on our export trade when we try to get costs down to a reasonable level. But I am sure that it would not be your wish that I should go into that at any length this afternoon, except to tell you this, that, not only as chairman of a great railway company with a large number of stockholders many of whom are people with fixed incomes, but as a citizen of this country, one is deeply concerned with the position of the *rentier* class at the present time. They are getting no benefits; they are not able to get increases in their remuneration in order to meet the increased cost of living; in many cases their dividends are reduced, and in all cases those of them who have to pay income tax are having a very much greater demand made on those reduced incomes than in the past. Consequently if the cost of living is allowed to increase untrammelled, then the position of that very large and very deserving section of the community is going to be unduly penalised in relation to other sections. There are certain sections of the community which at the present time are in the fortunate position of having their wages regulated by the cost of living. Every time the cost of living goes up, those wages go up too, and consequently they are in effect feeling no hardship from the difficult conditions under which we are living. Ladies and Gentlemen, I maintain, as I said in my speech, that if the cost of living is pegged by the Government, then these inequalities, if they cannot be eradicated altogether, at any rate may have their peaks and valleys very materially smoothed out. Mr. Miller raised a very important point with regard to increases in rates. Of course, as the agreement stands at the moment we increase our rates in order to follow our costs, and our costs are not entirely wage costs; a great many of them arise from the costs of the materials which we have to purchase, and those are not our wage costs but other people's wage costs. But the whole thing really does boil down still to the same thing, that if you can stabilise the cost of living, then you can stabilise rates of wages, our costs will not rise, therefore we shall have no need to increase our rates, and consequently after the war we shall be in a better position to deal with any competition from other forms of transport than we should be if our rates went sky-high.

I am very much obliged to Councillor Wilson; we shall

certainly look up these very ancient statutes under which we are, at any rate partly, operating at the present time, and see if we can find the honey which he suggests is lurking in their ancient texts. With regard to the question of nationalisation which is raised, and the terms upon which the Government might take us over, as I said before, I would very much rather not commit myself to any suggestions or figures, as a potential negotiator, but I assure the speaker that I shall certainly bear very closely in mind what he has said to us this afternoon.

Mr. Archer has raised one or two points in regard to the Government agreement. That agreement, of course, was put before the stockholders of all the companies last year, and it was, I think I may say, approved so far as any of us did approve it; but at any rate it was the agreement in the form in which the Government said we must accept it in regard to certain bases. Of course the distribution of the dividends as between one class of shareholder and another is a matter of the precedence of one share over another. The amount received by each company of course is a matter of the net earnings over a series of basic years. We took three years as an average both for the purpose of ascertaining the actual net profits which the Government would guarantee, and also for the purpose of ascertaining the proportion in which those net profits were to be distributed; and those were all mathematically correct, and Mr. Archer I am sure will be relieved to know that they were actually worked out to six places of decimals. I know that Mr. Archer will realise that the Government have taken nothing from the railway companies this year at all, because the net revenue of the companies has not reached a stage at which the Government, under the agreement, begins to share in the net revenues of the companies.

Mr. Hearne asked me a question with regard to increases in the outstanding debtors of the company. That was of course due to a considerable extent to increased trade, but it was also due to the delay in settling certain rates with the Government, and there is a substantial outstanding so far as Government traffics are concerned.

Mr. Sheirwater asked me, I think, what I had said in regard to the question of a new agreement. What I said was that the main-line companies and the London Passenger Transport Board had indicated to the Government that they were willing to negotiate a revision of the agreement for the future "on the understanding that no revision shall be made to the prejudice of the controlled undertakings or place them in a more unfavourable position than under the existing agreement." I think that is what you wanted to know, Mr. Sheirwater.

I should like in conclusion to thank Mrs. Alexander for the very nice speech which she, the only lady stockholder who, I will not say had the courage but had the inclination, to address us this afternoon, made to us. I hope we shall not follow the example of the onions and the other comestibles to which she referred, and that our dividends will not disappear. I am not going to discuss the question of nationalisation this afternoon, because I do not think this is an appropriate moment to do so, but may I assure all the stockholders of the London & North Eastern Railway that whatever form the negotiations after the war, either for the handing back or for the taking over of the railways, may take, we shall do everything we possibly can to ensure that the stockholders are treated as generously as they deserve, in view of the fact that they after all, as has been said so well this afternoon, are the people who have provided the sinews of war by which the railways have been constructed—and well constructed—as the result of which the railways are giving to the people of the country at the present time that remarkable service which is making so great a contribution to the successful issue of the war.

May I now put to the meeting the resolution which I have moved and which Sir Murrough Wilson has seconded. Will those in favour please signify . . . To the contrary? . . . That is carried. Thank you very much.

It is now my privilege to move "that dividends be now declared in terms of account No. 9 headed: 'proposed appropriation of net revenue'; that the dividends be payable (under deduction of income tax) less (1) the amounts paid as interim dividends in account No. 9 (a) headed 'statement of

interim dividends paid' and (2) the balance paid on February 15 last of the dividends on the first and second guaranteed stocks—by warrants on March 20 to the proprietors registered in the books of the company at the close of business on January 31, 1941, and that warrants be sent by post on March 19." I will ask the Deputy Chairman to second that resolution.

The Deputy Chairman: I beg to second the resolution.

The Chairman: Will those in favour please signify? To the contrary? That is carried.

I beg to inform the meeting that in accordance with the provisions of the Railways Act, 1921, and the North Eastern, Eastern, and East Scottish Group Amalgamation Scheme, 1922, the following directors retire, and being eligible offer themselves for re-election:—The Right Hon. Lord Balfour of Burleigh, A. Harold Bibby, Esq., D.S.O., Oliver R. H. Bury, Esq., Colonel W. H. Carver, M.P., Alexander G. Erskine-Hill, Esq., K.C., M.P., Sir Christopher T. Needham, Sir Gerald F. Talbot, K.C.V.O., C.M.G., O.B.E. I beg to move that those gentlemen whom I have named "be and they are hereby re-elected directors of the company," and I will ask the Deputy Chairman to second that.

The Deputy Chairman: I beg to second the motion.

The Chairman: Will those in favour please signify? To the contrary? That is carried.

I have now to inform the meeting that Sir Laurence E. Halsey, K.B.E., F.C.A., one of the auditors, retires and being eligible offers himself for re-election, and that the auditors had applied for an increase in their present fee of £2,500 per annum.

Sir Raymond Woods: Mr. Chairman, Ladies and Gentlemen, I move "That Sir Laurence E. Halsey, K.B.E., F.C.A., be and he is hereby re-elected an auditor of the company, and that the joint remuneration of the auditors for the year 1941 be £5,500." The first part of the resolution really calls for no comment. Sir Laurence Halsey is so well known to all the shareholders who are here, and indeed to everybody in the City of London, that I feel certain that it will commend itself to you without further remarks. With regard to the second part of the resolution, as to the remuneration of the auditors for the year 1941, the Chairman has already dealt with it to a considerable extent in his address to you, but I should like to add, as a member of the Audit Committee, that the committee itself considered this question with great care, and it came to the conclusion, and was quite satisfied, that the request made by the auditors for an increase in remuneration was a reasonable and fair one, and that this is a fair settlement of their claim. It will be understood that the fee of £5,500 is for this year only, and that next year it will be open to the shareholders at this meeting to reconsider that figure and, if they think proper, to fix the remuneration at a figure of £4,000, which it is understood will then be acceptable to the auditors. I have no hesitation, Ladies and Gentlemen, in commending this proposal to you as a fair and reasonable settlement of the request which the auditors have made to the company, and I move in the terms which I have already read.

Mr. J. Miller: I have much pleasure in seconding that on your explanation, Mr. Chairman.

The Chairman: Thank you very much. Ladies and Gentlemen, you have heard this resolution proposed and seconded. I think the matter has been very fully explained both by the mover of the resolution as a member of the Audit Committee (which I would remind you is a committee appointed by stockholders; it is a stockholders' committee and has nothing to do with the board) and in the course of my speech. May I put that resolution to the meeting. Will those in favour please signify? On the contrary? That is carried. Thank you very much.

That concludes the business of the meeting.

Mr. J. Miller: Ladies and Gentlemen, I think we should give our Chairman an appreciative vote of thanks.

The vote of thanks was carried with acclamation.

The Chairman: Thank you very much, Ladies and Gentlemen, and thank you very much, Mr. Miller. I hope we shall have a happier tale when we meet again next year; and I wish you all good luck.

The proceedings then terminated.

GREAT SOUTHERN RAILWAYS COMPANY

Increased burden of expenditure—Unfair road competition—Representations to Government—Transport Tribunal's report not published—Government legislation and policy—Economies effected by company

The ordinary general meeting of the Great Southern Railways Company was held at the Gresham Hotel, Upper O'Connell Street, Dublin, Eire, on March 7. Major Hugh A. Henry, Deputy Chairman, presided in the absence of Sir Walter R. Nugent, Bart., the Chairman of the company.

The Secretary, Mr. M. S. Coe, having read the notice convening the meeting,

The Chairman said: Ladies and Gentlemen,—In submitting the report of the year's working I shall endeavour to make my statement as brief and concise as possible consistent with giving you a clear indication of the present position of your company. The year 1939 brought us an increase in receipts of the substantial amount of £195,876 over 1938, and last year's receipts were better than 1939 by a further £92,940. In normal times such increases would have made dividends certain, but now the dominating and overwhelming consideration is that we have to carry on under war conditions of a magnitude never before experienced.

I would ask you to recognise that the following three main items of unavoidable increase in expenditure for essential commodities which no board of directors could guard against had to be met.

	1939	1940	Increase 1940 over 1939
Coal	£353,961	£459,193	£106,232
Petrol	181,208	225,264	£44,056
Wages	2,495,917	2,581,586	£85,669
			£235,957

These increases completely nullified the gain derived from increased receipts, and rendered the payment of dividends impossible. With this unavoidable and additional financial burden placed upon the company from causes absolutely beyond our control, the directors had no option regarding the nature of the report, and were it not that the position was strengthened by the refund of rates, to which full reference is made in the directors' report and in the balance sheet, the complete exhaustion of the company's resources appeared to be only a matter of time.

Once again I have to report to you with added emphasis that the directors have brought repeated and incessant pressure on the Government through the Minister for Industry and Commerce, to introduce remedial legislation in regard to the utterly unfair competition which the company's services have to contend with from road hauliers, whose evasions and infringements of the Road Transport Act of 1933 are notorious. All the reasoned representations of the railway company, and all the evidence which we have submitted to the Ministry, of widespread evasions and infringements of the spirit and terms of the Government's own legislation; all our detailed recommendations in legal form, first submitted in 1938 and constantly urged during the last three years, in regard to amending legislation designed to close the loopholes in the Road Transport Act, 1933, so far have met with no response. The flaws in the Act, deadly in their effect on our revenue, therefore still persist.

Transport Tribunal Report

The Transport Tribunal was required, as stated by the Government, to report upon "matters of urgent public importance," and to enquire into "the circumstances which have led or contributed to the present unfavourable financial position of the Great Southern Railways." That was the position as described by the Government itself in December, 1938. Much attention has been focussed both in the Dail and in the Press on the fact that the report of the tribunal, which was presented to the Minister for Industry and Commerce in August, 1939, has not been published. The directors of the company are much less concerned with the non-publication of the report of the tribunal than with the fact that

their strong and repeated representations in the matter of the regulation of road transport, which have been in the hands of the Minister for Industry and Commerce since 1938, have brought no response from the Government, and also (to bring the matter up to date) that two urgent and important communications to the Minister on this vital subject dating back to October last have brought no remedy but have remained unanswered and ignored. Recent events arising from the petrol shortage go far to prove the contentions of the railway company to be correct, and have shown by an immediate substantial improvement in railway merchandise traffic that the necessity for remedial legislation governing road transport so consistently urged by the railway company lies at the root of the whole matter, the plain fact being that our sparsely populated country cannot sustain both railway and unregulated road traffic.

It is appropriate that I should here refer to the company's valuation appeal. The position during the past year has been that following upon the judgment referred to at our last meeting the payment of rates since April 1, 1940, has been based upon the reduced valuation, and the benefit arising from this has been included in the revenue account of last year's working, which reveals a reduction in this charge of £92,900 in No. 10 account. It was still open to the commissioner to appeal against the reduction on further grounds, and he did appeal. Judgment was given by the High Court in the company's favour just six weeks ago, but a further appeal has now been lodged by the commissioner, the result of which must be awaited before any information beyond that noted in the balance sheet can be given. The heavy demands on our financial resources to which I have previously referred have compelled us to spend a sum much in excess of the total amount of the refund of rates so far recovered in defraying the additional costs of materials.

The salaries and wages bill for the year 1940 shows an increase of £85,669, mainly due to the decisions of the Irish Railways Wages Board. During the year several applications were received from trade unions for improvement in the wages of many employees in our workshops at Inchicore and elsewhere and stoppages of work were only averted after conferences arranged by the Ministry of Industry and Commerce. The company held the opinion that for the most part these applications would have been declined by any court of arbitration, and we contended that the imperative and over-riding factor in connection with these applications was the company's inability to concede further increases. The company feels obliged to resist all further demands of this kind, because any increase in its present labour costs coupled with the rise in prices of essential materials would imperil the company's survival. We, therefore, urge the trade unions and our employees to be content with the substantial rates of pay at present enjoyed.

I will now give you a brief analysis of the working of the various departments of the company during the year 1940.

Traffic Department

Passenger Train Traffic.—The virtual closing down of all cross-Channel and American tourist traffic as a direct result of the war was the main cause of a reduction of 605,349 in the number of passengers carried by train and a loss of £86,184 in receipts. Many sporting and social events, notably the Dublin Horse Show, international football matches, etc., were abandoned.

Goods Train Traffic.—There was a very substantial gain of £167,386 in our receipts from goods train traffic. The decrease of 59,860 tons in merchandise and coal, etc., when compared with the previous year is in the main due to the abnormal tonnage carried in the last quarter of 1939 when immediately following the outbreak of war large stocks of all

classes of goods were accumulated in anticipation of a shortage. The live stock traders had many difficulties to contend with during the year, not the least of which was the unavoidable diminution of cross-Channel shipping facilities, resulting in a decline of 149,398 in the numbers of animals carried. I should mention one satisfactory feature, so far as the quantities handled by rail are concerned, *viz.* sugar beet—where the response of the farmers to cultivate an increased acreage is reflected in an increase of 91,889 in tonnage carried.

Locomotive Department

During the year the third of the new passenger express locomotives of the "Queen Maeve" 800 class was completed at Inchicore Works. It has been named *Taitte*. In addition 170 covered goods wagons, 30 buses, 20 road freight motor vehicles and 19 horse-drawn vehicles were constructed in the company's workshops, and 10 double-deck buses were purchased. The total train miles operated during the year were 9,097,193, a decrease of 109,281 on the year 1939.

In view of its supreme importance, the question of maintaining adequate stocks of coal occasioned us considerable anxiety during the year 1940—an anxiety which is daily growing. It was appreciated at the outset that the country might at any time be completely isolated, and our policy was to have always in stock at least as much coal as would tide the company over some months of isolation, particularly as towards the end of the year it became evident that a greater share of the transport of the country would be diverted to the railway. From time to time, therefore, as much coal as the company's cash resources would permit was imported and while a small reserve was being built up it was not considered advisable to reduce train mileage, though this may have to be done if the difficulties in obtaining supplies, which have become acute through absence of shipping facilities and other causes outside the company's control are not eased.

Permanent Way Department

The total expenditure in the chief engineer's department on permanent way and works for the year under review was £564,735, an increase of £41,775 compared with 1939. In the year 11½ miles of track were renewed, 38½ miles resleepered, and, in addition, 8 miles of track were relayed. The rise in the price of materials for permanent way maintenance has been very sharp—the cost of rails has risen by 25 per cent., sleepers by 22 per cent., and other materials by as much as 50 per cent. Among unavoidable special works undertaken were repairs to Lift Bridge over River Lee at Cork, painting of large viaduct over the Suir at Waterford and other large bridges, removal of 2,500 tons of loose rock from the cliff adjoining Waterford station, and dredging of Rosslare Harbour.

On the death of the late Signalling and Telegraph Engineer it was thought advisable for economy reasons to merge the work of that department in the permanent way and locomotive departments, and, accordingly, the signalling and telegraph maintenance work has been taken over by the Chief Engineer and some electrical and other work has been transferred to the Chief Mechanical Engineer's control. Here I should mention that the rapid development and extension of general road motor traffic in recent years has placed a considerable burden on this company in the care and operation of level crossings, and this is aggravated by the policy of county councils and other local authorities in converting hitherto unimportant accommodation roadways into public highways. In the interests of the safety of trains and passengers we have been obliged, in consequence, to improve the signalling, provide larger gates, more modern operating equipment, and telephones at many crossings. The company's competitors and private car owners derive the main benefit from these improvements, and as the action of the local authorities referred to seeks to impose on the company liabilities in excess of those laid down by law, we know of no better purpose to which a grant from the Road Fund, or some other public source could more fairly be applied. The company has made repeated representations to the appro-

priate authorities in this matter, so far without success, but we shall continue to press this legitimate claim.

The full shock of rising prices and diminishing supplies in 1940 was first felt in this department. Iron and steel were strictly controlled by the British ministry, and although we were granted a licence for one-half of our normal purchases for repair work, our contractors were often unable to supply our needs. When continental markets closed some steel and iron commodities had to be imported direct from America. The prices of materials continued to advance and the average increase of 14 per cent. over pre-war at December 31, 1939, rose to 44 per cent. over pre-war at the close of 1940. The value of all stores and materials issued by the stores department in 1940 was £1,297,765 and in 1939 £1,077,122—an increase of £220,643. The principal commodities consumed—coal, petrol, sleepers, iron and steel, lubricating oil and clothing—absorbed £186,597 of this increase. The company imported 246,209 tons of locomotive coal in the year 1940, 1,835 tons more than in 1939. The cost was £441,000 and the increase of £121,000 was due mainly to higher war costs. Petrol consumption fell by some 275,000 gallons, but the rise in price involved an additional cost of £44,000 over 1939.

Road Transport

The gross receipts from our bus traffic for the year 1940 amounted to £641,565, and were almost the same as those for the year 1939, notwithstanding the cessation of the tourist traffic. The total number of passengers carried on our buses during the year was 26,494,179, being a slight increase over 1939. At the close of last year we placed seven new 56-seater double-deck omnibuses on our Cork City services, bringing considerably improved travel facilities to the citizens. At the same time we added three similar double-deck omnibuses to the fleet operating the Limerick City services.

During the year 1940 the demand for road merchandise transport for the haulage of grain, wheat, and beet crops was the heaviest yet experienced, the farmers having complied in a very large measure with the Government's advice and requirements. The crop tonnages conveyed surpassed all previous records—the quantity of beet carried by road this season was 350,000 tons. That the company was able, by careful preparation, to provide extensive road transport to the satisfaction of the many interests concerned, is a matter for gratification.

Petrol Supplies for Road Transport

The rationing of petrol was introduced by the Government on October 1, 1939. From that date to the end of 1940 we received supplies sufficient for our full normal requirements. As you know, at the beginning of January last a crisis was reached in the matter of supplies to the whole of Eire, and the Minister for Supplies found it necessary to restrict generally the supply of petrol. The Minister declined to grant petrol for special passenger road services and private hire of road passenger vehicles after January 13, and consequently all such services had to be discontinued. After further consultation between the Minister's representatives and ours the maximum allowance which we could persuade him to afford us as from February 1 was approximately two-thirds of our ordinary working requirements, without any allowance whatever for special services or private hire of road passenger vehicles. Consequently, as from that date we were further obliged to withdraw all direct road merchandise services, and about a week later to cancel or reduce a substantial number of bus services. The schedules of both road merchandise and road passenger services operated on this reduced fuel allowance are designed to secure the minimum of public inconvenience, due regard being had to economic working. We regret that the shortage of petrol has compelled us to part with some of our staff for the time being, but we trust that the circumstances which imposed this unpleasant duty upon us will soon disappear.

Hotels Department

From a trading point of view the year 1940 was the worst experienced by the hotels and refreshment rooms department

for a long time. The receipts of the department were down nearly £13,000, the complete absence of British and American visitors seriously affecting the receipts.

There is one subject of grave import to our company to which I feel compelled to refer, although it does not directly arise out of the balance sheet and report now under our review. A Dublin journal recently criticised severely the attitude adopted in the Dail by the Minister for Industry and Commerce, Mr. MacEntee, in declining to reply to a motion proposed and supported by some Labour representatives in that assembly. Mr. MacEntee resented that criticism in a letter published in the press over his own signature. With the merits of the controversy thus aroused, as to breach or non-breach of parliamentary good manners or Ministerial courtesy, we, as a company, have no concern, and had the Minister not travelled in his letter outside the scope of that controversy, any remarks of mine would be quite out of place here. Unfortunately the Minister did not confine himself to defence of the accusation levelled against him—instead, in quoting an abstract from the accounts for the year 1940, he thought fit to introduce a reference to this company not only unprovoked, but unfair and untrue. He declared that: "Those immediately responsible for the situation are not the Government, nor the taxpayers, but the directors, shareholders and staff of the railway. These are the parties upon whom the primary and immediate responsibility rests for setting things right."

Coming from a Minister, and especially from the particular Minister charged with direct responsibility under existing transport Acts for due supervision of public transport and for protection of public interests, in that regard, the statement which I have just quoted is one of gravest import.

It is to be noted that Mr. MacEntee accuses not only the directors, who are the freely elected representatives and spokesmen of the company's proprietors, but these proprietors themselves, and all classes of the company's officers and workmen. There is yet another and much more serious issue arising out of the Minister's pronouncement—which it would be inexcusable, at this moment, to leave untouched—we declare the Government to be mainly, if not entirely, responsible for the perilous financial position in which our company now stands. Even our purely domestic affairs have been invaded by the Government which arbitrarily reduced the legal number of our directors. An extremely costly and novel system of election of directors was set up without rhyme or reason alleged—a unique system applied to no other company in the State, not even those new industrial concerns sponsored by the Government itself. Relatively these are minor matters—merely straws showing how the Government wind blows in our direction. Not so, are the following particulars of paralysing injustices operating against us at all times at the hands of successive Governments.

Government Legislation and Policy

(a) The Amalgamation Act, 1924, placed the burden on two or three of the principal, and until then prosperous, constituent companies of meeting the loss in working on the other 23 or 24 which were amalgamated with, or absorbed in, the Great Southern Railways Company. Especially is this the case in respect of the Baronial Lines for which an annual grant was made by the Government to the company of £48,688, reducing to £47,288 after five years and expiring in the year 1934. Strong representations were made from time to time for a continuance of this annual payment, but the Government declined to revive it, although apart from interest and dividends there is a steady loss on the working of these lines of from £30,000 to £40,000 per annum.

(b) The same Government measure set up a Railway Tribunal. The first act of this tribunal was to order an immediate reduction in the rates and charges as from January 1, 1925, which, it was estimated at the time, would reduce railway receipts by approximately £500,000 per annum.

(c) The economic war between this country and Great Britain based on Government policy was the main factor in reducing the annual railway receipts by upwards of £600,000 between 1931 and 1933.

(d) Social legislation introduced and passed by the Govern-

ment between 1933 and 1939 has added £47,900 to our annual expenditure.

(e) The injurious defects and loopholes in the Road Transport Act, 1933, have been referred to already.

In an earnest endeavour to implement the provisions of this Act the company spent some £700,000 which will continue unremunerative until the remedial legislation for which we have been pleading so long is enacted and, as already mentioned, regarding which we have frequently sought the Minister's action without eliciting any response.

Economies Effected by the Company

On the other hand, during the whole period since the passing of the 1924 Act, and particularly in recent years, the policy of the company has been one of ruthless economy in every department with a view to eliminating all unnecessary expenditure. Consistent with the responsibility of providing efficient transport services it is claimed that expenditure has been reduced by the company to an absolute minimum by the following means:—

(a) The abolition of no less than 45 of the higher official executive and supervisory positions since 1932.

(b) Complete cessation of all emoluments and perquisites—free houses, light, etc.

(c) The reduction of expenditure in the permanent way department, locomotive, carriage, and wagon shops, and every other department of the company to the lowest limit consistent with safety.

(d) Where the Minister's permission was obtained about 120 miles of unremunerative branch lines were closed and unremunerative train services reduced.

(e) Establishment of efficient road passenger services on a satisfactory paying basis.

(f) Conversion of 147 stations to halts, and the closing of 32 stations and 24 halts.

(g) Provision of new shops at Inchicore and installation of modern machinery and plant to reduce maintenance costs.

(h) Installation of mechanical coal plant; electrically-operated plant for relaying permanent way; weed spraying plant mounted on special train; water softening plants for locomotive feed water, appreciably reducing cost of boiler repairs.

(i) Except where prevented by protective tariffs purchase of all materials and stores in the cheapest market on competitive tenders.

(j) Modernisation of locomotives by the addition of super-heating apparatus.

(k) Revision of locomotive rosters and enginemen's links enabling stock of locomotives to be reduced from 575 to 511.

Obviously a better method than newspaper controversy will have to be adopted if a solution of the railway problem is to be found, but sufficient has been said to demonstrate that more than ever since the year 1925 the hands of the railway directors have been tied by Government action, and they have not been allowed to manage their business as they were elected to do, in the interests of the shareholders, with due consideration for the employees. Indeed they have been compelled by State legislation to take over and maintain unremunerative lines which otherwise would long ago have ceased to exist, at the expenses of the shareholders. In face of these facts have we not ample justification for resentment against the Minister's statement, and equally sound reason for apprehension as to future Ministerial dealings with our company and its welfare.

However much we should like to give you some indication of the prospects and future policy of the company, the future is so uncertain that it is impossible to forecast, even in a general way, the effects of the economic changes which must inevitably ensue from the present European upheaval. We must expect to be profoundly affected and can only hope that until the end of the conflict the company will be able to continue to afford to the public the great service which it is now rendering under such trying conditions. It is to be hoped that when we meet again in a year's time peace will be well established. In conclusion, I am sure that you would all desire to join with the directors themselves in thanking all employees for their splendid service during the year.

The report and accounts were adopted.

MERSEY RAILWAY COMPANY

Satisfactory volume of traffic carried

The annual general meeting of the Mersey Railway Company was held at Winchester House, Old Broad Street, E.C.2, on March 11, Mr. John Waddell, Chairman of the company, presiding.

The Secretary (Mr. J. E. Blacklin), having read the notice convening the meeting,

The Chairman, in moving the adoption of the report and accounts, said that he explained last year at length the terms under which this company was guaranteed a minimum net revenue of £100,015, equivalent to that of the year ended June 30, 1939. The net revenue for the year after giving effect to the estimated operation of the financial arrangements with H.M. Government in respect of the control of the undertakings of railway companies and the London Passenger Transport Board, amounted to £104,462, which enabled a dividend of 1½ per cent. on the consolidated ordinary stock to be paid.

The renewal funds amounted to £97,613, having been increased by £7,009. As last year, the board had placed £2,000 to the general reserve fund, bringing the total of that fund to £30,000. The board had also thought it prudent in view of the increasing burden of income tax, to set aside £1,500 to offset in some measure the increases.

The total investments amounted to £40,722, having been increased during the year by the purchase of £1,000 3 per cent. Defence Bonds. The whole of these investments were in Government stocks.

The volume of traffic carried during the past year had been very satisfactory, but it was not possible to give any figures as Railway Clearing House returns regarding through traffic from other companies' lines were not now available. The peak traffic during the winter months had become very concentrated owing to the majority of offices, works, and shops all opening and closing at the same times, due to the blackout conditions, and the congestion was further increased by shoppers who would return from Liverpool during the evening peak service, to the detriment of the business community. These conditions had been experienced by all the transport undertakings in this area during the past winter, but conditions were becoming easier as the days lengthened. In view of the increased working costs which war conditions had imposed the company had, in common with other controlled railways, increased its fares during the year by 10 per cent. on May 1, and by a further 6½ per cent. on December 1.

The "spotter" system had been inaugurated for the workshop and office staffs, who continued to work during alerts until danger was imminent. The company had its own

air raid precautions scheme and the staff concerned had been trained and provided with the necessary equipment for dealing with incendiary and gas bombs.

The board, after negotiation with the inland revenue, had put forward a claim under Section 27 of the Finance Act, 1940, for the application of a standard to the company and this claim had been admitted for the year 1939. No provision had had to be made in this respect in the accounts under review.

Consideration of the proposed scheme for co-ordination of Merseyside passenger transport undertakings to which he had referred last year, was in abeyance, and therefore was a subject which would presumably remain to be dealt with after the war. All building development in the area served by the railway was, of course, suspended, so that growth of traffic from this source was held up. During the period of control the future of the company is bound up with the main-line companies, as it was dependent upon the results of the working of the pool, but he could see no reason to be pessimistic in the outlook for the future.

The past year had been an eventful one, and he took this opportunity of thanking the whole of the staff for the work which had been carried out in spite of many difficulties to enable the company to fulfil its obligations to the public. Particularly the work of those who had carried on although air raids had been in progress had been greatly appreciated. He did not think that ever in the history of railways had the railway staffs, with the many new problems arising out of the war conditions, had to perform their tasks under such difficult conditions. It was with pleasure that he had noted the public spirited action of those of the staff who have taken courses in Air Raid Precautions, Fire Fighting, and First Aid, and those who had joined the Home Guard. They had given up leisure time to make themselves proficient in the various duties they had been called upon to perform. The new fire prevention duties had imposed further calls on the staff, and these services were also much appreciated.

Several of the staff had had their homes damaged by enemy action and in a few cases personal injuries—one of which had proved fatal—had been received by them or their relatives, and the board offered deepest sympathy to all those concerned and trusted that the current year would be a better and happier one than the last. To the 65 members of the staff serving with H.M. Forces were extended best wishes for their wellbeing and early return to their normal employment.

The report and accounts were adopted.

Post-war Canal Plans in Germany

The *Deutsche Verkehrsnachrichten* of December 14, 1940, discussed the question of canal construction, now and after the war, declaring that one of the chief tasks awaiting Germany when hostilities have ended—presumably in her favour—will be to make Europe one unit, from the water transport viewpoint, by the construction of a well-planned system of waterways. Large works already in hand are those at the heads of the Rhine-Main-Danube and Oder-Danube canals, and the improvements to the Elbe, Oder, and Weser, the Dortmund-Ems canal, and the Neckar. Owing to the war these works have had to be slowed down considerably, and abandoned in part, and it is unlikely that anything very extensive can be done with the Oder-Danube project till the war is over; even then six years' work is involved, and the Rhine-Main-Danube scheme will take as long. The principal task is considered to be the completion of what is called the Hansa canal project, to connect the German northern seaports with the Westphalian industrial districts, and the joining of Hamburg with the south-east of Europe, in which direction

a great development of export trade is looked for. This involves connecting the Elbe to the Oder-Danube canal, concerning which negotiations have been in progress between the German Ministry of Transport and the Protectorate of Bohemia & Moravia. Discussions had actually been begun while the Czechoslovak Republic still retained its independent existence, and the scheme was strongly supported by the Sudeten Germans. Such a plan is very old. Wallenstein, in 1625, proposed to connect the Elbe and the Danube. The former Austro-Hungarian Empire, by legislation of 1901, decided to agree to an Oder-Danube canal and a connection from it to the Elbe, but little was done towards realising the idea; plans for a subsidiary route from Pardubitz to the canal were prepared, however. Present needs are held to call for bigger designs, as ships are larger. It is contended in Germany that there will be a large quantity of available labour in Bohemia & Moravia after the war, and already large plans, intended to make the Elbe the second most important river of Germany, are under discussion. These involve building dams and other heavy works in the Protectorate.

Unfair Attacks on Railways

Sir Francis Joseph answers critics

Sir Francis Joseph, a Director of the London Midland & Scottish Railway Company, speaking at the opening of the Manchester Coal Exchange new premises last week made reference in his remarks to the criticism which has been levelled against the railways as regards services and delays. He said :

"The coal industry seems to be a fair target for everyone to criticise. One thing is certain, however. We are the basic industry of the country. We have done much to help the war effort. We are out to do more if it is possible. We would ask consumers to bear in mind that although we are scheduled as a reserved occupation the patriotism of the miners caused many of them to be reservists so they had to join up when the war started. Many more men have gone since. It is only fair to add that many more wish to go, but are obeying the country's call and sticking to their jobs.

"Lately our output has been less than we hoped. Why is this? The answer is that we are short of men.

There is another reason which applies. Transport is more difficult. We all know that the railways of this country are now asked to carry a volume of traffic which has beaten all records. The railways have lost many thousands of men to the Forces and many more now working on the line will be called up. That makes things difficult. Railways are not trained in a day. What we have to admit is that in spite of all the difficulties the railways are doing splendid service. This is not the time to tell the story of all they have done, but it will be a story worth the telling later on.

"There is a shortage of wagons, but it is now improving. There is also a shortage of man power, but to the lasting credit of the railway servants there is no lack of the spirit of service and of real patriotism. I am proud of the fact that I started my working life as a railway messenger at the age of 12, and I am proud of the position I now hold as a Director of the L.M.S. Railway. But today I am speaking as

an ordinary industrialist and I say quite frankly that the criticism directed against the railway companies is not fair. Railways are looked upon as fair game for anyone to criticise.

"The railways are controlled by Government. Speeds have been controlled. Trained man power has been reduced. Difficulties have been almost insurmountable but whether it be a porter, shunter, guard, engine driver or clerk, every section has given of their best. Men have been 24 hours on the footplate. Sometimes have been unable to get reasonable food whilst on duty. They are entitled to expect that the public appreciate what they are doing, and it is about time somebody said 'Hats off to the railwaymen.' The country has no better servants and certainly there is no more patriotic section than the men of the British railways.

"Speeds have now been increased with a corresponding clearing up of delays. Difficulties may recur, but I am confident the spirit of the railwaymen will be such as will earn our admiration rather than the half-baked criticism in which many people have thoughtlessly indulged."

Inspection of New S.R. Pacific Locomotive

See illustrations on page 284, and description of the locomotive on pages 277-9

On Monday last, March 10, a visit to a Southern Railway works was arranged by the company for the inspection by the Minister of Transport, Lt.-Colonel J. T. C. Moore-Brabazon, and a party of guests (including press representatives) of the new Pacific locomotive of the "Merchant Navy" class. The Minister was accompanied by Mr. R. Holland-Martin, Chairman, and Mr. E. J. Missenden, General Manager, Southern Railway. Among the guests were :—

Sir Leonard Browett, Permanent Secretary, Ministry of Transport; Messrs. Hamish Denny, William Denny Bros. Ltd.; Charles S. Lake, THE RAILWAY GAZETTE; F. Montague, Parliamentary Secretary, Ministry of Transport; Sir Alan Mount, Ministry of Transport; Mr. Fleetwood C. Pritchard, Public Relations Officer, Ministry of Transport; and Mr. Gilbert S. Szlumper, Railway Control Officer, Ministry of Transport.

Southern Railway officers present included :—

Messrs. R. P. Biddle, Docks & Marine Manager; E. F. Bone, Assistant to Docks & Marine Manager; O. V. Bulleid, Chief Mechanical Engineer; A. Cobb, Locomotive Running Superintendent; R. G. Davidson, Chief Accountant; J. B. Elliott, Deputy General Manager; G. Ellison, Chief Engineer; Eric Gore-Browne, Deputy Chairman; C. Grasemann, Public Relations Officer; J. Harrington, General Assistant to General Manager; Captain G. F. Jeffries, Marine Assistant; Messrs. M. G. J. McHaffie, Docks Engineer; E. S. Moore, Divisional Locomotive Running Superintendent; J. Munns, Works Manager, locomotive works; Captain Munton, Marine Department; Messrs. A. Raworth, Chief Electrical

Engineer; R. M. T. Richards, Traffic Manager; J. E. Sharpe, Divisional Traffic Supt.; H. A. Short, Assistant Docks & Marine Manager; W. J. Shorter, Assistant to Public Relations Officer; F. B. Taylor, General Manager's Office; Sir John E. Thornycroft, Director; Captain Trout, Marine Department; Mr. E. A. W. Turbett, Mechanical Engineer, loco. works; Captain Walters, Marine Department; and Mr. H. E. O. Wheeler, Superintendent of Operation.

Mr. R. Holland-Martin, Chairman of the Southern Railway, who paid tribute to the skill of the designer and those

working under his direction in the planning and building of the locomotive, invited the Minister to unveil the nameplate.

Lt.-Colonel Moore-Brabazon, in a short speech, stressed the vital importance of transport in the present war effort, and stated that the creation of this new engine was a link in the prosecution of that effort. After removing the veil and displaying the name *Channel Packet*, the Minister donned an engineer's coat and cap and drove the engine forward past the onlookers. It was then backed by the driver on to a special train which it hauled on a short trip, during which luncheon was served. A short tour of part of the locomotive works followed.

Transfer of Private Lines to the Swedish State

On July 1, 1940, the first important step in the transfer of certain private railways to the State—agreed upon by Parliament in the previous year—was taken when the following railways were absorbed in the State system :—

Standard Gauge		Kilometres
Borås and Alvesta	...	186
Göthenberg and Borås	...	67
Helsingborg and Hässleholm	...	118
Kalmar line	...	193
Landskrona, Lund and Trelleborg	...	72
Landskrona and Helsingborg	...	59
Uddevalla, Vänersborg and Herrljunga	...	92
Varberg, Borås and Herrljunga	...	127
		914
Narrow Gauge (0.891 m = 2 ft. 11 1/2 in.)		
Falkenberg line	...	102
Kalmar and Berga	...	77
Monsterås line	...	69
Uddevalla and Lelangen	...	89
East Småland line	...	78
		415

The total of both gauges shown in these tables is 1,329 km. (816 miles).

In addition the Borås—Jönköping line, 105 km. (65 1/2 miles) and the Skåne and Småland, 146 km. (90 1/2 miles), actually acquired by the State somewhat earlier, have now definitely become part of the State Railway system, while some 2,000 km. (1,243 miles) of motor bus routes have also been taken over with these railways. The staff transfer involves 3,300 men. A new provisional District Management has been established at Borås, with district engineering, locomotive, and traffic officers; there are also engineering and traffic offices at Kalmar. The negotiations leading up to the transfer were voluntarily entered into by both parties.

QUESTIONS IN PARLIAMENT

Control of Wagons

Mr. F. S. Cocks (Broxtowe—Lab.), on March 4, asked the Secretary for Mines, (1) what steps had been taken to improve the position in the Nottinghamshire coalfield as to the shortage of wagons and the consequent limitation of coal production; and (2) whether he had considered an appeal from the Executive Board of the Midland (Amalgamated) District under the Coal Mines Act regarding the insufficient supply of wagons resulting in the under-production of coal and short time; whether he was aware that a relatively small number of additional wagons would enable the Midland collieries to produce the requisite tonnages; and whether he was taking steps to move wagons from South Wales and the South of England to meet the requirements of the Midland coal industry.

Mr. D. R. Grenfell (Secretary for Mines) replied that he was informed by the Minister of Transport that a special scheme of wagon control came into operation in March 1 which it was hoped would result in an improvement in the wagon position generally.

Extension of Summer Time

Mr. Herbert Morrison (Secretary of State for the Home Department) in reply to a question by Mrs. M. Tate (Frome—C.), on March 4, said that the Government proposed to make a Defence Regulation advancing the clock by another hour from the night of Saturday, May 3, to the night of Saturday, August 9. Examination had shown that the addition during the summer months of an extra hour's daylight in the evening would be advantageous to the war efforts in many ways, particularly by enabling work to be continued in the loading and unloading of ships at the docks and in the railway marshalling yards.

Mrs. Tate on the motion for the adjournment of the House raised the question of the extension and put forward arguments to prove that the regulation would have a harmful effect on the production of food.

Mr. Morrison in the course of his reply said that the Government was advised that the extra hour of daylight would ease the traffic problem. For instance, it would give a wider opportunity for diversifying and staggering hours than was possible in a more concentrated daylight period. The movement of freight trains would be facilitated. One of the most serious factors causing congestion had been the slow movement of trains during alerts in the blackout hours. Moreover, there was a great difficulty during the blackout in handling freight wagons at marshalling yards. Freight wagons were loaded at goods depots during the late afternoon and early evening. Wagons which were then moved from sheds to marshalling yards and assembled into trains would, they apprehended, be assembled and despatched with greater

speed and surety. The disadvantages were mainly to agriculture. The Government felt, having regard to the vital considerations of national transport, the docks, the essential factor of munitions production, and the maintenance of industrial production, that, notwithstanding the very great importance of the agricultural considerations, it ought, on balance, to make the extension.

Workmen's Tickets

Mr. J. Parker (Romford—Lab.), on March 4, asked the Minister of Transport whether he was aware that the London Passenger Transport Board had refused workmen's tickets to the Auxiliary Fire Service; and whether he would take steps to have this anomaly removed and grant this facility equally to the Auxiliary Fire Service as it was granted to other workers who earned far higher wages.

Mr. F. Montague (Parliamentary Secretary to the Ministry of Transport): Members of the Auxiliary Fire Service have the same facilities as other members of the public for obtaining workmen's tickets during the normal hours of issue on weekdays and at any time on Sundays. Any who are employed as artisans, mechanics, and labourers can obtain workmen's tickets outside the normal hours on weekdays under the same conditions as other artisans, mechanics, and labourers.

Road Accidents

Mrs. M. Tate (Frome—C.), on March 5, asked the Minister of Transport whether he was aware that road users could claim no compensation for injuries to

themselves, their bicycles, or their motorcars if injured by Government-owned vehicles; and whether, in view of the enormous number of road accidents caused by such vehicles, they would in future be compelled to insure against third party risks.

Lt.-Colonel Moore-Brabazon said he presumed that the first part of the question referred to the exemption of the Crown from liability for the torts of its agents. When a person was injured or killed by the wrongful act of an officer of the Crown in the course of his official duty, he or his dependants had a right of action in the courts against that officer, and it was the invariable practice of the Crown in such cases to pay any damages and costs awarded by the court. The answer to the second part of the question was in the negative.

Mrs. Tate: Is the Minister aware that it is very cumbersome for normal lay persons to have to approach the courts before they can get compensation, and in view of the fact that Army lorries are responsible for no fewer than 300 accidents a day, is it not time that something was done to protect the public?

Sir Irving Albery (Gravesend—C.) asked if it was not a fact that many Services did pay compensation when an accident was reasonably proved against them, without going to court.

Lt.-Colonel Moore-Brabazon: I think that is true. There is no actual reason why one should always go to court in every case, although the courts exist for this sort of claim.

Replying to Mr. R. W. Sorensen (West Leyton—Lab.) the Minister of Transport said that payments made were equivalent to those made in ordinary civil cases.

RAILWAY AND OTHER REPORTS

Guantanamo & Western Railroad.—Railway operating revenue for the year ended June 30, 1940, was \$1,004,024, compared with \$954,127 in the previous year. Operating expenses decreased from \$873,034, to \$858,810, net revenue thus increasing to \$145,214. Adding miscellaneous revenue \$60,628, and deducting interest, taxes, etc. \$230,062, a net loss is recorded of \$29,802, compared with the net loss of \$76,390 in the previous year. The war has adversely affected the sugar industry and associated business.

Panama Railroad Company.—Railway operating revenue for the year ended June 30, 1940, amounted to \$2,165,938, compared with \$1,601,804 in the previous year. Expenditure totalled \$1,359,579, against \$1,408,481, leaving net operating revenue \$806,360, against \$193,323. The operating ratio was 62.77 per cent., compared with 87.93 per cent. Mileage worked remained the same, at 47.61, but train mileage was greater, at 254,395. Passengers numbered 446,992, against

367,259 in the previous year, and in freight traffic 609,648 tons compared with 371,993 tons. Gross coaching revenue was \$617,249 and gross freight revenue \$1,290,242, compared with \$587,600 and \$859,253, respectively, in 1938-39.

Mount Lyell Mining & Railway Co. Ltd.—For the year ended September 30, 1940, net profit was £183,095. A final dividend is proposed of 1s. 3d. a share, making, with the interim payment of 9d., a total distribution of 2s. a share.

Leeds & Liverpool Canal Company.—No ordinary dividend is recommended for 1940. For 1939 ½ per cent. was paid.

Trent Navigation Company.—Receipts for the year 1940 were up £671 at £88,799 and expenditure rose £407 to £77,343. Net profits, after fixed charges and tax, of £344 has been set aside to meet contingencies, or for works. Agreement has been reached with Trent Navigation Committee on

all outstanding matters, including modification of 1927 agreement.

Bruce Peebles & Co. Ltd.—Profit for the year 1940 was £31,037. Dividend 5 per cent., with a bonus of 3 per cent., making 8 per cent. on the ordinary shares is recommended (same).

John Baker & Bessemer Limited.—The directors report net profits for the year 1940 of £78,712, compared with £65,824 for 1939, and recommend a 10 per cent. dividend on the ordinary shares, the same as for the previous year.

Davies & Metcalfe Limited.—The directors recommend a final dividend of 7 per cent., making 10 per cent. for the year 1940, same as for 1939. In 1938, 15 per cent. was paid. Net profit is returned at £18,931 (against £16,350).

United Steel Companies Limited.—An interim dividend of $2\frac{1}{2}$ per cent. on account of the year ended June 30, 1941, will be payable on March 27. This is the same interim rate as that for the preceding 12 months. Final dividend for 1939-40 was $5\frac{1}{2}$ per cent., making 8 per cent.

Notes and News

Stephenson Locomotive Society.
—The acting Hon. General Secretary until further notice is Mr. J. H. Seaford, Woodlands Cottage, Fulmer Road, Gerrards Cross, Bucks.

Hungarian Work for Russia.—Hungarian engineering works are reported to be building locomotives and railway wagons for the U.S.S.R. as a result of the recent Hungarian-Soviet trade pact.

Special Transport Administration in China.—A Reuters message from Shanghai, dated March 4, states that, according to *The China Times*, the Chungking Government will shortly establish a special administration with the express purpose of improving international transport. An expert will be

assigned to each international route to direct the service and to devise measures to expedite consignments held up at any point.

Grand Junction Co. Ltd.—On Monday last, March 10, the registered offices of the Grand Junction Co. Ltd. were moved to 12, Sussex Gardens, Hyde Park, W.2 (Telephone, Paddington 1071).

Bolivia - Argentine Pipe - Line Scheme.—According to the New York *Journal of Commerce* the Bolivian Government is seeking capital in the United States for the construction of an oil pipe-line to provide an outlet for the production of the oilfields in the eastern part of the country. The scheme is apparently for pipe-lines some 800 miles in length to connect with the pipe-line which the Argentine Government proposes to construct to convey the oil to River Plate ports, whence it would be shipped to world markets.

Association of American Railroads.—The annual meeting of the Mechanical Division of the Association of American Railroads is to be held at St. Louis, Missouri, U.S.A., on June 19 and 20. Sessions are being arranged for each day, from 9 a.m. to 12.30 p.m., and from 2 p.m. to 5 p.m., at the headquarters of the meeting, the Hotel Jefferson. The programme and the reports of committees will be sent to the members by the Secretary of the Division, 59, East Van Buren Street, Chicago.

Export of Cattle from Eire.—The prohibition by the British authorities of all landings of cattle from Ireland, consequent on outbreaks of foot-and-mouth disease, has resulted in a serious falling off in railway receipts in Eire, under this heading. The scheme of sending dressed meat to England is, however, an advantage to the farmer who is thus able to dispose of portions of the fat cattle rather than hold them and provide fodder meanwhile. The facility which was given by the Great Southern Railways Company in taking cattle from outlying fairs by motor

vehicle to the railhead stations is in the present emergency curtailed, and cattle must now be driven from these fairs as was done prior to the introduction of such facility. The main advantage was that cattle, which formerly walked and would not be sent forward until the evening where the fair was a considerable distance from the station, were, with the provision of motor transport, loaded in time for shipment on the same evening.

British and Irish Railway Stocks and Shares

Stocks	Highest 1940	Lowest 1940	Prices	
			Mar. 11, 1941	Rise Fall
G.W.R.				
Cons. Ord.	52	22½	32	-½
5% Con. Pref.	103½	58	84½	-1½
5% Red. Pref. (1950)	105½	88	98½	-
4% Deb.	107½	90½	103½	-
4½% Deb.	108½	96½	107	-
4½% Deb.	114½	96	113½	-
5% Deb.	124	106	122½	-
2½% Deb.	66½	57	63	-
5½% Rt. Charge	117½	97	118	-
5% Cons. Guar.	117	90½	112	-
L.M.S.R.				
Ord.	24½	9	12	-
4% Pref. (1923)	60½	21½	35½	-
4% Pref.	70½	35	49½	-
5% Red. Pref. (1955)	94½	60	81½	+1
4% Deb.	101½	81	99½	+1
5% Red. Deb. (1952)	109½	102	108	-
4% Guar.	93½	65	86½	-1½
L.N.E.R.				
5% Pref. Ord.	8½	1½	2½	-½
Def. Ord.	4½	1½	1½	-
4% First Pref.	60	20	34½	-
4% Second Pref.	22½	6½	12	-½
5% Red. Pref. (1955)	80	34½	58½	-
4% First Guar.	86½	56	76½	-1½
4% Second Guar.	77½	37	64½	+½
3% Deb.	73½	54½	71½	-
4% Deb.	97½	74	94	+1
5% Red. Deb. (1947)	107	96½	104	+1
4½% Sinking Fund Red. Deb.	104	98	101½	+1
SOUTHERN				
Pref. Ord.	79	34	44½	-2
Def. Ord.	22½	7	10	-
5% Pref.	104½	58½	79	-2½
5% Red. Pref. (1964)	105	85	93½	-
5% Guar. Pref.	116½	90	113	-
5% Red. Guar. Pref. (1957)	114½	94	109½	-
4% Deb.	106½	84½	103½	-
5% Deb.	122½	100	122½	-
4% Red. Deb. (1962-67)	106	96½	103	-
4% Red. Deb. (1970-80)	106½	93	103	-
FORTH BRIDGE				
4% Deb.	95½	87	91½	-
4% Guar.	93½	81½	88½	+2
L.P.T.B.				
4½% "A"	116	103	111½	-
4½% "A"	121½	107	120	-
4½% "T.F.A."	105½	101	102½	-18
4½% "B"	116	102	106	-
4½% "C"	65½	24	33	-1
MERSEY				
Ord.	26	18½	23½	-
4% Perp. Deb.	92½	86½	91½	-
3½% Perp. Deb.	68	63	62½	-
3% Perp. Pref.	57	50½	53	-
IRELAND				
BELFAST & C.D.				
Ord.	4	3	4	-
G. NORTHERN				
Ord.	4½	1½	4½	-
G. SOUTHERN				
Ord.	12½	4	8	-
Pref.	15½	6	10	-
Guar.	36	15	22	-4
Deb.	55½	40	53½	+3½

OFFICIAL NOTICES

The Institute of Transport Examinations,
1941

MARCH 31st is the last day for the receipt by the undersigned of forms of entry for the 1941 examinations (May 5th, 6th and 7th).

Full particulars, previous question papers (price

1s. per set, post free), and copies of the booklet "The Institute of Transport Examinations: Notes for the Guidance of Candidates Unable to Attend Preparatory Courses" (price 1s. 2d., post free), may be obtained from the undersigned.

A. WINTER GRAY,
Secretary.

15, Savoy Street,
London, W.C.2.

STAFF AND LABOUR MATTERS

Railway Wages

The Railway Staff National Council met on Friday, March 7, to consider the claims of the three railway trade unions, the National Union of Railwaysmen, the Associated Society of Locomotive Engineers & Firemen, and the Railway Clerks' Association, for an increase of £26 per annum (salaried staff) and 10s. a week (wages staff) in the war advance at present payable to railway staff. No agreement was reached at the meeting of the National Council, and the claims will now be referred to the Railway Staff National Tribunal for decision. Under the recent Arbitration Order made by the Minister of Labour, the decision of the tribunal on the claims will be final and binding upon the parties.

Coal Shipping Wages

The coal shipping staff, which includes tippers, teemers, weighers, hoistmen, and boxmen, employed by the railway companies and by the staith owners and dock authorities, had their minimum wage increased by 5s. a week, making the new minimum £3 7s. 6d., as from February 14 under a recent agreement concluded between the railway companies and the staith owners and the National Union of Railwaysmen and the Transport & General Workers' Union.

Civil Service War Bonus

The present war bonus payable to civil servants receiving not more than £250 per annum is to be increased, as from March 1, to 10s. a week for adult male staff, and to 7s. 6d. for adult female staff, with corresponding increases for juveniles and certain special classes. Men earning between £250 and £350 a year are to receive a war bonus of 5s. a week, and female staff earning between £250 and £300 a year will receive 4s. a week. Civil servants in these categories have received no bonus in the past.

Control of Employment

The Minister of Labour & National Service has issued an order entitled "Essential Work (General Provisions) Order, 1941," the purpose of which is to "prevent loss of production owing to unnecessary turn-over of labour or absenteeism. The provisions of the Order apply to "scheduled undertakings." The Minister may schedule any undertaking which is engaged in "essential work" as defined in the Order, if he is satisfied that it is expedient to do so as a measure for

securing the defence of the realm, the efficient prosecution of the war or the maintenance of supplies or services essential to the life of the community. Notice of scheduling will be given by the Minister to each undertaking concerned (including any branch or department separately scheduled) in the form of a certificate, a copy of which must be kept posted up in the undertaking. Any undertaking which satisfies these requirements may be scheduled provisionally for three months at a time, but before placing an undertaking more permanently on the schedule the Minister must, after consultation with the appropriate Government Department, be satisfied on the following points:—

(a) The terms and conditions of employment of persons employed in the undertaking must not be less favourable than those provided for by the Conditions of Employment and National Arbitration Order, 1940, e.g., by collective agreements.

(b) There must be satisfactory provision for the welfare of persons employed or such provision must be in course of being made. (This covers welfare inside and outside the undertaking, including the arrangements for housing, travelling, and feeding. It is not intended that the undertaking should necessarily be called upon to make such provision at its own cost; what will be required is that satisfactory arrangements should exist, or be in course of being made.)

(c) Where in the Minister's opinion it is necessary that provision should be made by the undertaking for the training of workers such provision must exist or be in course of being made.

When an undertaking is scheduled the effects are briefly that the right of the management to discharge, and of the personnel to leave, is controlled and is in general subject to written permission of a National Service Officer and to at least one week's notice; a guarantee of a certain minimum time-rate of wages is given, subject to specified conditions; cases of alleged absenteeism will be dealt with under a special procedure.

Discharge of a workman except for serious misconduct will not be permitted. In an emergency, but not otherwise, a worker's services may, with his consent, be lent to another undertaking without the permission of a national service officer for a period up

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to 14 days. All workpeople in a scheduled undertaking will have a guaranteed week's wage, but no payment will become due unless the amount otherwise earned for the week by time workers or the day by piece workers (including any payment for overtime) is less than the guaranteed amount. Collective agreements which assure workpeople more favourable conditions will not be prejudiced by the Order.

Entitlement to the guaranteed minimum wage is governed by two conditions. The first is that the worker must be capable of, and available for, work. The second is that the employed person shall be willing, when work in his usual occupation is not available, to perform any other services which he can reasonably be asked to perform.

The guarantee will therefore not apply to periods of sickness, nor to days of absence without leave, nor to holidays. Workpeople taking holidays will be entitled to the payments that existing agreements allow.

If a person employed in a scheduled undertaking absents himself from work without leave or reasonable excuse, or if he is persistently late at work, the employer may report to a national service officer, who can then give the employed person directions as to the way in which he should in future attend for work. There will be a right of appeal to a local appeal board against such directions, but pending the appeal the national service officer's directions hold good.

Contracts and Tenders

Wagon equipment firms in Canada are being asked by the Canadian National Railways to tender for approximately 725 freight and miscellaneous units, including steel gondolas, ballast, and refrigerator units. The value of this initial 1941 programme is placed roughly between \$2,500,000 and \$3,000,000.

The Director-General India Store Department, Belvedere Road, London, S.E.1, invites tenders for about 480 tons of coloured boards for railway tickets. Tenders are due on April 18, and forms of tender may be obtained from the department.

Forthcoming Meetings

Mar. 24 (Mon.).—Great Indian Peninsula Railway (Annuitants annual), Elmhyrst, Epsom Road, Guildford, Surrey, at 12.15 p.m.

Railway Stock Market

Cautious and inactive conditions have prevailed in the stock and share markets, but selling was not heavy, and the lower security values were mainly a reflection of further reduction in the volume of business. Sentiment was influenced by the tendency to await the next turn of events in the war, and it is also realised that, pending the Budget and full particulars in regard to the Government's plans for concentrating resources on work of national importance, it is very difficult to assess the outlook for many groups of securities. In the circumstances, the attractive yields offered have failed to attract buyers, but confidence in the future, and willingness to be prepared, if necessary, to take more than a short view, were reflected by the absence of selling. Securities of companies engaged in activities essential to the war effort were relatively steady in many directions, but home railway junior stocks were unable to move against the general market trend. With markets in their present inactive condition, the tendency is for a small amount of selling to have a disproportionate influence on quotations for individual stocks. In fact, no heavy selling of railway securities has been reported, but demand for the junior issues has been

very moderate this week, it being realised that the outlook for the latter will not be clearly defined until information is available as to the revision of the financial agreement. Business on the Stock Exchange has centred on British Funds and other high-class investment securities, and home railway debentures again showed firmness this week. There is, of course, general recognition of the good cover for interest requirements of these and other prior charges of the main-line companies, and when markets become more active, stocks of this type may very well improve. It must, however, be expected that the war news and allied developments will be the main factor governing the general market trend.

Compared with a week ago, Great Western ordinary was fractionally lower at 31½, while the 5 per cent. preference declined a point to 84½. On the other hand, the 4 per cent. debentures continued firm, and at 104 were a point higher on balance. Moreover, L.M.S.R. 4 per cent. debentures, which appear to be relatively undervalued, were 99, which compares with 98½ a week ago, and the guaranteed stock made the slightly better price of 87½. On the other hand, L.M.S.R. senior preference and 1923 preference each

went back a point to 49 and 34½ respectively, and at 11½ the ordinary stock was virtually unchanged. Demand was again reported for L.N.E.R. debentures, and they showed fractional gains; the 4 per cents were 94½ and the 3 per cents 71½. Moreover, L.N.E.R. guaranteed stocks were relatively firm; the seconds were maintained at 64, and the firsts improved from 77 to 77½. L.N.E.R. first preference improved from 33 to 34½, but the second preference was again 12. As regards Southern Railway stocks, the 4 per cent. debentures were 104, a gain of a point, but the 5 per cent. preference remained reactionary, and at 79½ showed a further decline on balance. Southern preferred was 44½, compared with 45½ a week ago; at 9½ the deferred stock was virtually unchanged.

Foreign railway stocks were inactive, and where changed, small declines were recorded. B.A. Gt. Southern 4 per cent. debentures were 40½; Central Argentine 4 per cent. debentures 23; and B.A. & Pacific 4½ per cent. debentures 24. San Paulo ordinary was firmer at 28, and business in Leopoldina debentures ranged from 12½ to 13½. Elsewhere, there was again a fair number of dealings in Indian railway stocks, but French railway sterling bonds were inactive. Canadian Pacific issues were steady on the annual results.

Traffic Table of Overseas and Foreign Railways Publishing Weekly Returns

Railways	Miles open 1940-41	Week Ending	Traffic for Week			No. of Weeks	Aggregate Traffics to Date			Shares or Stock	Prices					
			Total this year	Inc. or Dec. compared with 1940			This Year	Last Year	Increase or Decrease		Highest 1940	Lowest 1940	Mar. 11, 1941	Yield % (See Note)		
Antofagasta (Chili) & Bolivia	834	2.3.41	£12,680	—	£7,130	9	£149,090	£165,710	—	£16,620	Ord. Stk.	11½	3½	4½	Nil	
Argentine North Eastern	753	1.3.41	ps. 111,100	—	ps. 16,000	35	ps. 5,205,800	ps. 5,387,800	—	ps. 182,000	6 p.c. Deb.	3½	1	2	Nil	
Bolivar ...	174	Feb. 1941	3,480	—	40	9	6,680	7,220	—	540	Bonds	6½	5	6½	Nil	
Brazil ...	...	...	...	...	...	...	...	...	...	...	...	8	5	6	Nil
Buenos Ayres & Pacific	2,801	22.2.41	ps. 1,908,000	+ ps.	38,000	34	ps. 44,308,000	ps. 45,063,000	—	ps. 755,000	Ord. Stk.	10½	3	4	Nil	
Buenos Ayres Central	190	4.1.41	£64,800	—	£21,900	27	£2,348,700	£2,832,700	—	£484,000	—	8½	2	3½	Nil	
Buenos Ayres Great Southern	5,082	1.3.41	ps. 2,603,000	—	ps. 605,000	35	ps. 73,976,000	ps. 81,714,000	—	ps. 7,738,000	Ord. Stk.	8½	2	3½	Nil	
Buenos Ayres Western	1,930	1.3.41	ps. 908,000	+ ps.	91,000	35	ps. 25,305,000	ps. 27,238,000	—	ps. 1,933,000	—	8½	2	3½	Nil	
Central Argentine ... Do.	3,700	1.3.41	ps. 2,095,350	+ ps.	366,400	35	ps. 52,257,800	ps. 62,585,700	—	ps. 10,327,900	Dfd.	8½	2	3½	Nil	
Cent. Uruguay of M. Video	972	1.3.41	25,129	—	1,553	35	761,353	730,022	+	31,331	Ord. Stk.	4½	1	2	Nil	
Costa Rica ...	188	May 1940	17,282	—	7,020	48	193,339	245,516	—	52,177	Stk.	3½	1	1½	Nil	
Dorada ...	70	Jan. 1941	12,200	—	—	4	12,200	12,200	—	—	I Mt. Db.	99	97½	98	6½	
Entre Rios ...	810	1.3.41	ps. 190,100	—	ps. 11,500	35	ps. 7,565,500	ps. 8,606,900	—	ps. 1,041,400	Ord. Stk.	4	1	1½	Nil	
Great Western of Brazil	1,016	1.3.41	11,500	—	1,700	9	106,000	122,200	—	16,200	Ord. Sh.	4½	1	1½	Nil	
International of Cl. Amer.	794	Dec. 1940	\$446,239	—	\$99,327	52	\$5,544,438	\$5,994,056	—	\$449,618	—	—	—	—	—	
Interoceanic of Mexico	...	...	...	...	...	...	...	...	...	...	1st Pref.	9d.	9d.	4½	Nil
La Guaira & Caracas...	22½	Feb. 1941	7,350	+ ps.	355	9	13,475	14,605	—	1,130	—	6	4	—	—	
Leopoldina ...	1,918	22.2.41	27,288	+ ps.	4,440	8	187,566	177,336	+ ps.	10,230	Ord. Stk.	2½	1	1½	Nil	
Mexican ...	483	14.1.41	ps. 277,800	—	ps. 12,400	2	ps. 538,800	ps. 539,500	—	700	—	2½	1	1½	Nil	
Midland of Uruguay...	319	Jan. 1941	12,385	—	321	30	81,797	69,384	+ ps.	13,413	—	—	—	—	—	
Nitrate ...	395	28.2.41	4,321	—	1,266	9	17,609	34,792	—	17,183	Ord. Sh.	2½	1½	2	6½	
Paraguay Central ...	274	1.3.41	\$3,228,000	+ ps.	\$206,000	35	\$114,343,000	\$112,015,000	+ ps.	\$2,328,000	Pr. Li. Stk.	41	36	30	19½	
Peruvian Corporation	1,059	Feb. 1941	55,812	—	11,111	35	516,957	531,913	—	14,956	—	4	1	2	Nil	
Salvador ...	102	28.12.40	€20,248	+ ps.	8,617	26	€272,269	€325,719	+ ps.	€53,450	—	50	23	28	8½	
San Paulo ...	153½	23.2.41	33,750	—	2,530	8	278,250	273,671	+ ps.	55,779	Ord. Stk.	15½	1½	6½	Nil	
Talca ...	160	Jan. 1941	2,295	—	1,365	31	19,435	17,800	+ ps.	1,635	Ord. Sh.	108	99	107½	5½	
United of Havana ...	1,353	1.3.41	48,179	—	3,699	35	646,033	703,391	—	57,358	Ord. Stk.	284	238	285	5½	
Uruguay Northern ...	73	Jan. 1941	1,153	+ ps.	30	30	8,233	7,384	+ ps.	849	—	—	—	—	—	
Canadian National ...	23,637	28.2.41	1,101,815	+ ps.	130,816	9	8,234,092	7,064,899	+ ps.	1,169,193	—	—	—	—	—	
Canadian Northern	4 p.c.	Perp. Dbs.	86	68	89	4½
Grand Trunk ...	...	...	...	...	...	...	...	...	...	...	4 p.c. G.	105½	95½	102½	3½
Canadian Pacific ...	17,153	7.3.41	694,400	+ ps.	161,200	9	6,452,800	5,365,200	+ ps.	1,087,600	Ord. Stk.	9½	4½	8	Nil	
Assam Bengal...	1,329	30.4.40	45,187	+ ps.	6,529	4	135,060	120,437	+ ps.	14,623	Ord. Stk.	99½	71	100	3	
Barsi Light ...	202	10.1.41	4,327	+ ps.	787	41	124,207	100,492	+ ps.	23,715	—	—	—	—	—	
Bengal & North Western	2,086	28.2.41	271,125	—	2,964	22	1,281,323	1,196,608	+ ps.	84,715	Ord. Stk.	283	234	294	5½	
Bengal Doors & Extension	161	Sept. 1940	14,625	+ ps.	508	26	78,405	66,243	+ ps.	12,162	—	218½	195	225	5½	
Bengal-Nagpur ...	3,269	31.12.40	284,550	+ ps.	15,859	39	6,543,848	5,895,495	+ ps.	648,353	—	96	83½	99½	4	
Bombay, Baroda & Cl. India	2,986	28.2.41	296,700	—	1,425	49	9,382,625	8,321,925	+ ps.	1,061,700	—	108	99	107½	5½	
Madras & Southern Mahratta	2,939	1.1.41	174,225	+ ps.	8,269	41	4,728,299	4,450,847	+ ps.	277,452	—	104	97½	103½	7½	
Rohilkund & Kumaon ...	571	28.2.41	57,600	—	1,989	22	269,465	252,386	+ ps.	17,079	—	284	238	285	5½	
South Indian ...	2,542	31.12.40	141,648	+ ps.	8,811	39	3,420,638	3,075,356	+ ps.	345,282	—	93½	83	94½	4½	
Baira ...	204	Dec. 1940	63,037	—	—	13	208,505	—	—	—	—	—	—	—	—	
Egyptian Delta ...	623	20.12.40	9,626	+ ps.	2,520	38	169,255	155,708	+ ps.	13,547	Prf. Sh.	7/10½	—	—	Nil	
Kenya & Uganda ...	1,625	—	—	—	—	—	—	—	—	—	B. Deb.	53	44½	47½	7½	
Manila ...	—	—	—	—	—	—	—	—	—	—	Inc. Deb.	88	80	87½	6½	
Midland of W. Australia ...	277	Nov. 1940	15,716	+ ps.	4,027	22	78,885	63,495	+ ps.	15,390	—	—	—	—	—	
Nigerian ...	—	—	—	—	—	—	—	—	—	—	201,144	—	—	—	—	
Rhodesia ...	2,442	Dec. 1940	460,036	—	—	13	1,436,259	—	—	—	—	—	—	—	—	
South Africa ...	13,287	18.1.41	773,368	+ ps.	99,078	42	29,030,638	27,144,961	+ ps.	1,885,677	—	—	—	—	—	
Victoria ...	4,774	Aug. 1940	888,289	+ ps.	190,022	9	1,756,717	1,383,157	+ ps.	373,360	—	—	—	—	—	

Note. Yields are based on the approximate current prices and are within a fraction of ½ Argentine traffics are now given in pesos

† Receipts are calculated @ 1s. 6d. to the rupee